



中國再保險(集團)股份有限公司

CHINA REINSURANCE (GROUP) CORPORATION

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

Stock Code : 1508

2022 Annual Report

專業 讓保險更保險

EMPOWER YOUR INSURANCE BY EXPERTISE



# CORPORATE CULTURE OF CHINA RE GROUP



## MISSION

- Diversifying economic risks to ensure a better life for all

## VISION

- Developing a world-class comprehensive reinsurance group with sustainable development capabilities and core competitiveness

## CORE VALUES

- Integrity
- Expertise
- Cooperation
- Aspiration

## BUSINESS PHILOSOPHY

- Prudence and innovation for sound and prosperous growth



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FINANCIAL HIGHLIGHTS  
HONOURS AND AWARDS  
STATEMENT FROM THE CHAIRMAN

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# CHINA FRANCE

# FINANCIAL HIGHLIGHTS

Unit: RMB



Total assets

RMB **520,695** million  
Year-on-year increase of **4.2%**



Total liabilities

RMB **426,022** million  
Year-on-year increase of **7.1%**



Total equity

RMB **94,673** million  
Year-on-year decrease of **7.3%**



Gross written premiums

RMB **169,765** million  
Year-on-year increase of **4.3%**



Net profit

RMB **1,525** million  
Year-on-year decrease of **74.1%**



Net profit attributable to equity shareholders of the parent company

RMB **1,871** million  
Year-on-year decrease of **68.6%**



Earnings per share

RMB **0.04**  
Year-on-year decrease of **68.6%**



Net assets per share attributable to equity shareholders of the parent company

RMB **2.02**  
Year-on-year decrease of **7.2%**



Weighted average return on equity

**2.09%**  
decrease by **4.32**  
percentage points

# FINANCIAL HIGHLIGHTS

Highlights of financial information of the Group for the past five accounting years are extracted as below:

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

	2022	2021 (Restated)	Change(%)	2020	2019	2018
Total assets	520,695	499,796	4.2	453,577	396,638	340,907
Total liabilities	426,022	397,706	7.1	350,676	299,660	253,653
Total equity	94,673	102,090	(7.3)	102,901	96,978	87,254
Gross written premiums	169,765	162,732	4.3	161,574	144,973	122,257
Net profit	1,525	5,895	(74.1)	5,924	6,645	3,899
Net profit attributable to equity shareholders of the parent company	1,871	5,954	(68.6)	5,711	6,049	3,730
Earnings per share (RMB)	0.04	0.14	(68.6)	0.13	0.14	0.09
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.02	2.18	(7.2)	2.19	2.05	1.84
Weighted average return on equity (%) <sup>1</sup>	2.09	6.41	Decrease by 4.32 percentage points	6.34	7.32	4.90

Note: 1.  $\text{Weighted average return on equity} = \frac{\text{Net profit attributable to equity shareholders of the parent company}}{\text{balance of weighted average equity}}$ .

# HONOURS AND AWARDS

No.	Title of the honours and awards received	Awards organisation
<b>China Re Group</b>		
1	12th China Securities Golden Bauhinia Awards – Best ESG Practice Award for Listed Companies	Hong Kong Ta Kung Wen Wei Media Group
2	12th China Securities Golden Bauhinia Awards – Best Investor Relations Management Award for Listed Companies	
3	Gelonghui “GuruClub” – Excellent IR Team of the Year	Gelonghui
4	LACP Vision Awards – Best Annual Report and Best Social Responsibility Report in Insurance	League of American Communications Professionals
5	2022 Excellent Case of Rural Revitalisation – “Prevention from Return-to-poverty” Insurance Project of China Re Group	China.com.cn
<b>China Re P&amp;C</b>		
1	2022 Ark Award for Insurance Industry to Serve Rural Revitalisation	Securities Times
2	11th CFS Financial Summit – 2022 ESG Practice Model Award	CFS Financial Summit
3	10th China Insurance International Summit “Golden Glitter Award” – Reinsurance Company Award for Serving the National Strategies of the Year	China Insurance International Summit
4	2022 Contribution Award of the Financial Industry for Serving the National Strategies	Stockstar

## • China Re Group

## • China Re P&C



# HONOURS AND AWARDS

No.	Title of the honours and awards received	Awards organisation
<b>China Re Life</b>		
1	2022 Excellent Case of Risk Prevention and Control in China's Insurance Industry	China Banking and Insurance News
<b>China Continent Insurance</b>		
1	2022 Outstanding Contribution Award for Channel Innovation in Financial Industry – Construction of Super A Platform 2.0	Financial Computerizing
2	2022 (the 2nd session) "Jin Xin Tong" Fin-Tech Innovation Application Excellent Case Award – Xin Chuang Yun Platform Project	China Academy of Information and Communications Technology
<b>China Re AMC</b>		
1	2022 Ark Award of Gold Medal for Insurance Asset Management Risk Control	Securities Times
2	2nd Investment Golden Bull Award for Insurance Company – "China Re AMC – Ruitong 1st Asset Management Product"	China Securities Journal
3	12th "Golden Pixiu Award" – Gold Medal for Insurance Asset Management Company of the Year	Each Finance, Financial Money

## • China Re Life



## • China Continent Insurance



## • China Re AMC



# STATEMENT FROM THE CHAIRMAN



# STATEMENT FROM THE CHAIRMAN



2022 was a challenging and critical year for China Re Group. Facing the severe and complicated internal and external situation, we adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhered to the general principle of “seeking progress while maintaining stability, enhancing value”, fully served the national strategies, deeply promoted operational transformation, comprehensively strengthened risk prevention and control, and steadily improved the business scale, so that our market position was consolidated, and our high-quality development accomplished new results and new achievements.

In 2022, coping with the combined effects of various adverse factors such as the resurgence of pandemic and frequent catastrophe, China Re Group overcame the impact of capital market turmoil and other unexpected shocks, and realised a gross written premium of RMB169,765 million, representing a year-on-year increase of 4.3%. We ranked first in terms of market share in domestic P&C reinsurance and life and health reinsurance, and our position as the main reinsurance channel has been continuously consolidated. Against the backdrop of significant losses such as the Russia-Ukraine conflict, Hurricane Ian and floods in Australia, the Group achieved better underwriting efficiency and continued to optimise its profit structure. The solvency of all operating entities in the insurance segment met regulatory requirements, with A-rating for 13 consecutive years by A.M. Best and for 9 consecutive years by S&P Global Ratings.

In 2022, China Re Group made new breakthroughs in serving the national strategies. The annual sum insured for risks in the key national strategic areas amounted to RMB42.2 trillion, representing a year-on-year increase of 20.3%. We served the Healthy China strategy with relevant businesses covering 0.12 billion people, representing a year-on-year increase of 18.9%, and served 1.483 million micro, small and medium-sized enterprises, representing a year-on-year increase of more than 200%. **We were committed to supporting the real economy.** Promptly responding to the central government’s call for stabilising the economy, the Group innovated insurance products to support the prevention and control of pandemic and the resumption of work and production. Targeting the “bottleneck” fields, we actively innovated risk protection in aerospace, marine engineering, domestic robots, new energy vehicle chips, etc., and signed a strategic cooperation agreement with the Ministry of Industry and Information Technology to jointly promote the high-end, digital and green upgrading of the manufacturing industry. **We contributed to food and energy security.** Supporting the expansion and upgrading of agricultural insurance, the Group provided RMB559.6 billion of reinsurance protection for agricultural and rural insurance, launched the agricultural index insurance development platform, and provided nearly RMB90.0 billion of new agricultural risk protection of various types. In the meantime, the Group provided comprehensive risk protection for nearly RMB1 trillion of properties of all nuclear power generating units

# STATEMENT FROM THE CHAIRMAN

in mainland China, and provided RMB200.0 billion of risk protection for renewable energy projects such as wind power and photovoltaic power to help national energy security. **We together built the “Belt and Road” with high quality.** As the chairman unit of the “Belt and Road” Reinsurance Community of the PRC, we promoted the underwriting of 30 overseas interest projects of China throughout the year, representing a year-on-year increase of 88%. Relying on the “Belt and Road” community platforms in Beijing, London and Singapore, we served as the lead reinsurer for 10 related projects. **We vigorously protected people’s health.** Adopting “One Policy for One City”, the Group promoted 60 “Hui Min Bao” (惠民保) projects, adding nearly 67.00 million people to the coverage, innovatively forming a whole-process solution. In response to the pain points of social needs, we developed health insurance products for the elderly, filling the gap of health protection for people over 50 years old. **We actively served the “dual carbon” objective.** We innovatively launched the first agricultural carbon sink insurance, the first forest and grassland carbon sink insurance, and the first distributed photovoltaic power generation loss compensation insurance in China, while providing professional risk protection services for 65 green energy projects.

In 2022, China Re Group accelerated digital transformation and innovation development. **We continuously improved the top-level digital mechanism and accelerated the construction of internal intelligence.** The Group established a digital transformation committee to speed up the implementation of the Digital China Re 2.0 strategy. Substantial progress was made in the construction of the “dual middle office” for business and data. The online underwriting rate of subsidiaries in the insurance segment exceeded 90%, with significant improvement in data quality and management accuracy. The Group efficiently completed the development and launching of the new standard systems for insurance contracts. The financial accounting level of the Group’s system business reached international standards. **We continued to enhance technology-empowered business innovation and development.** China’s flood catastrophe model 1.0 was released, iteratively upgrading China’s typhoon and earthquake catastrophe models, and achieving domestic independence and controllability. The Shanghai IDI platform was upgraded and promoted to the whole country, and the area covered by IDI insurance exceeded 178 million square metres. Moreover, we released the first new energy vehicle insurance pricing model “Zai•Tu” to promote the integration, innovation and coordinated development of the insurance industry and the new energy vehicle industry.

The 20th National Congress of the Communist Party of China has scientifically drawn up a grand blueprint for comprehensively promoting the great rejuvenation of the Chinese nation with Chinese-style modernisation. The economy of China has strong resilience, great potential and full vitality, and the long-term positive fundamentals remain unchanged. The business model, role and positioning of China’s insurance industry shall gradually be upgraded, transforming from passive loss sharing to active risk reduction in the whole process of governance, and from a single risk protection provider to a comprehensive risk solution provider. The new models and new drivers of development shall give the insurance industry a broader future. At the same time, the domestic and international economic and financial environment has undergone profound changes, with significantly more uncertainties. The insurance industry is in a period of in-depth adjustment and transformation, in which market competition is becoming more intense, with increasingly obvious Matthew effect. While foreign investment is accelerating deployment in the Chinese market, insurance technology is penetrating and reshaping the insurance industry at a faster pace. All these will have a profound impact on the development of the industry.

Looking forward to the future, China Re Group will seize opportunities and meet challenges based on our two decades of experience in group development. With the mission of serving Chinese-style modernisation, China Re Group has proposed the overall goal of “building a world-class comprehensive reinsurance group” and the

# STATEMENT FROM THE CHAIRMAN

“three-step” strategic arrangement, comprehensively embarking on a new journey of high-quality development. We shall uphold the flag of the national reinsurance team and benchmark ourselves against the world’s leading reinsurance companies. We shall accelerate the construction of the four strategic pivots, namely product innovation, platform-driven, technology empowerment and global linkage, and realise the fundamental improvement of core competitiveness. By 2035, the Group shall become a world-class comprehensive reinsurance group with distinct Chinese characteristics, prominent strategic role, well-defined professional advantages and outstanding market position.

2023 is the first year of China Re Group’s “three-step” new journey of high-quality development, and is the key first step to ramp up. We shall be guided by the spirit of the 20th National Congress of the Communist Party of China, implement the new development concept, cultivate new development momentum, and aim to build a world-class comprehensive reinsurance group. Deeply serving the national strategies, we shall accelerate digital transformation, optimise the global layout, improve management efficiency, and strengthen risk prevention and control, thereby promoting China Re Group to enter a new stage of development with a higher level and a greater scale, and creating sustainable and stable investment returns for shareholders with achievements in high-quality development.

**He Chunlei**  
*Chairman*

Beijing, the PRC  
28 March 2023



**MANAGEMENT DISCUSSION  
AND ANALYSIS**

**REINSUR**



# CHINA FRANCE

# 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Key Operating Data

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

*Unit: RMB millions, except percentages*

	For the year ended 31 December		Change (%)
	2022	2021 (Restated) <sup>6</sup>	
Gross written premiums	169,765	162,732	4.3
Gross written premiums for each business segment:			
P&C reinsurance <sup>1</sup>	61,819	51,954	19.0
Life and health reinsurance <sup>1</sup>	66,385	69,374	(4.3)
Primary P&C insurance <sup>1</sup>	46,361	43,496	6.6
Total investment income <sup>2</sup>	5,752	15,667	(63.3)
Total investment yield (%) <sup>3</sup>	1.79	4.99	Decrease by 3.20 percentage points
Net investment income <sup>4</sup>	12,721	13,836	(8.1)
Net investment yield (%) <sup>5</sup>	3.97	4.40	Decrease by 0.43 percentage points

- Notes: 1. Gross written premiums for each business segment do not consider inter-segment eliminations, in which: the businesses of P&C reinsurance segment mainly include domestic P&C reinsurance business, overseas P&C reinsurance and Chaucer business, CNIP business and legacy P&C reinsurance business; the businesses of life and health reinsurance segment mainly include domestic life and health reinsurance business, overseas life and health reinsurance business and legacy life and health reinsurance business; and the business of primary P&C insurance segment refers to the property and casualty insurance business operated by China Continent Insurance.
2. Total investment income = Investment income + share of profit or loss of associates – interest expenses on securities sold under agreements to repurchase.
3. Total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period.
4. Net investment income = Interest + dividend + rental income + share of profit or loss of associates.
5. Net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period.
6. The financial information of the Group for 2021 has been restated accordingly as a result of the reduction in the annual results of certain non-controlling enterprise for 2021 after adjustment.

# MANAGEMENT DISCUSSION AND ANALYSIS

	As at 31 December 2022		As at 31 December 2021 (after adjustment)		As at 31 December 2021 (before adjustment)	
	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
China Re Group	157	190	184	208	185	209
Group Company	635	635	598	598	600	600
China Re P&C	119	191	157	213	158	214
China Re Life	167	208	187	215	187	215
China Continent Insurance	235	260	366	366	368	368

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

2. The relevant solvency data as at 31 December 2022 have been audited by the auditors of the Company.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Key Financial Indicators

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

*Unit: RMB millions, except percentages and unless otherwise stated*

**For the year ended 31 December**

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

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

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

*Unit: RMB millions, unless otherwise stated*

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## P&C REINSURANCE BUSINESS

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

In 2022, we continued to facilitate the establishment of platforms for domestic commercial insurance business and national policy-oriented business, strengthen the innovation-driven model and technological application, accelerate the implementation of strategic initiatives and consolidate the leading position in domestic reinsurance market. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We achieved rapid growth in emerging business sectors such as construction inherent defects insurance (IDI), construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, intellectual property insurance, cyber securities insurance, and safety production liability umbrella excess of loss insurance, and thus our business structure continued to optimise.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Analysis

### Domestic P&C Reinsurance Business

Domestic P&C reinsurance business mentioned in this section refers to domestic P&C reinsurance business operated by China Re P&C. In 2022, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB42,097 million, representing a year-on-year increase of 20.2%. The combined ratio was 99.76%, representing a year-on-year decrease of 0.05 percentage points, and the underwriting profits remained stable.

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

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

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

*Unit: in RMB millions, except for percentages*

**For the year ended 31 December**

Type of reinsurance arrangement	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	40,161	95.4	32,828	93.7
Facultative reinsurance	1,936	4.6	2,199	6.3
<b>Total</b>	<b>42,097</b>	<b>100.0</b>	<b>35,027</b>	<b>100.0</b>

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

*Unit: in RMB millions, except for percentages*

**For the year ended 31 December**

Form of cession	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	41,686	99.0	34,679	99.0
Non-proportional reinsurance	411	1.0	348	1.0
<b>Total</b>	<b>42,097</b>	<b>100.0</b>	<b>35,027</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

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*

**For the year ended 31 December**

Business channel	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	39,598	94.1	32,713	93.4
Via broker	2,499	5.9	2,314	6.6
<b>Total</b>	<b>42,097</b>	<b>100.0</b>	<b>35,027</b>	<b>100.0</b>

## Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, we offer a wide variety of P&C reinsurance coverage catering to the business characteristics of the PRC market. Our lines of business cover a wide range of P&C insurance types in the PRC, mainly including motor, agriculture, commercial property, liability and engineering insurance. We actively captured the opportunities brought by the transformation and development of the market, vigorously developed non-motor reinsurance business. The gross written premiums of non-motor reinsurance business in our domestic P&C reinsurance business for 2022 amounted to RMB33,640 million, representing a year-on-year increase of 24.9%; non-motor insurance business accounted for 79.9% of our overall gross written premiums, representing a year-on-year increase of 3.0 percentage points, further optimising the business structure. In particular, we achieved a rapid growth in emerging business sectors such as the construction inherent defects insurance (IDI), construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, intellectual property insurance, cyber securities insurance and safety production liability umbrella excess of loss insurance, with reinsurance premium income recorded at RMB2,822 million, representing a year-on-year increase of 34.6%, which further consolidated our development advantages in emerging business sectors.

# MANAGEMENT DISCUSSION AND ANALYSIS

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*

For the year ended 31 December

Line of business	2022		YoY Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Agriculture	10,911	25.9	35.3	8,062	23.0
Motor	8,457	20.1	4.4	8,099	23.1
Commercial property	6,828	16.2	0.7	6,783	19.4
Liability	5,719	13.6	16.1	4,924	14.1
Engineering	2,568	6.1	(4.5)	2,690	7.7
Others <sup>1</sup>	7,614	18.1	70.4	4,469	12.7
<b>Total</b>	<b>42,097</b>	<b>100.0</b>	<b>20.2</b>	<b>35,027</b>	<b>100.0</b>

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

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

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

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

*Liability reinsurance.* In 2022, reinsurance premium income from liability insurance business amounted to RMB5,719 million, representing a year-on-year increase of 16.1%, mainly due to the fact that we actively captured opportunities in the liability insurance market and stepped up investment in research and development and efforts in promotion of new types of liability insurance products such as construction inherent defects insurance (IDI) and cyber securities insurance.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Clients and Client Services

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

## Overseas P&C Reinsurance and Chaucer Business

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

In 2022, we seized the overall trend of rising rates to expand the scale of our businesses with prominent advantages, and actively adjusted our business portfolio, which resulted in the rapid growth in premium volume. Despite the impacts from the Russia-Ukraine conflict and other natural catastrophes, the underwriting efficiency still improved significantly. Gross written premiums from our overseas P&C reinsurance and Chaucer business amounted to RMB19,621 million, representing a year-on-year increase of 16.6%. The combined ratio was 94.03%, representing a year-on-year decrease of 3.29 percentage points.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overseas P&C Reinsurance Business

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

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

	For the year ended 31 December		Change
	2022	2021	
Loss ratio (%)	68.46	76.17	Decrease by 7.71 percentage points
Expense ratio (%)	28.89	28.58	Increase by 0.31 percentage points
Combined ratio (%)	97.35	104.75	Decrease by 7.40 percentage points

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

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

*Unit: in RMB millions, except for percentages*

Type of business	For the year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	3,628	93.0	3,313	95.0
Facultative reinsurance	273	7.0	209	6.0
Primary insurance	–	–	(35)	(1.0)
<b>Total</b>	<b>3,901</b>	<b>100.0</b>	<b>3,487</b>	<b>100.0</b>

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

*Unit: in RMB millions, except for percentages*

For the year ended 31 December

Line of business	2022		YoY Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Non-marine	2,578	66.1	2.1	2,525	72.4
Specialty	511	13.1	15.3	443	12.7
Liability	280	7.2	42.1	197	5.7
Others <sup>1</sup>	532	13.6	65.2	322	9.2
<b>Total</b>	<b>3,901</b>	<b>100.0</b>	<b>11.9</b>	<b>3,487</b>	<b>100.0</b>

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Chaucer Business

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

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

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

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 92.30%, which was different from that under the International Accounting Standards, mainly due to the different treatment for exchange gains and losses as well as reserve discounting and risk margin.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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*

**For the year ended 31 December**

Type of business	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	6,670	42.5	5,065	38.0
Facultative reinsurance	2,128	13.5	2,088	15.7
Primary insurance	6,922	44.0	6,184	46.3
<b>Total</b>	<b>15,720</b>	<b>100.0</b>	<b>13,337</b>	<b>100.0</b>

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*

**For the year ended 31 December**

Line of business	2022			2021	
	Amount	Percentage (%)	YoY Change (%)	Amount	Percentage (%)
Casualty and political risk/credit insurance	4,290	27.3	15.6	3,711	27.8
Marine, energy, space and aviation, nuclear insurance	3,240	20.6	12.8	2,873	21.6
Property and political violence insurance	2,739	17.4	13.2	2,419	18.1
Others <sup>1</sup>	5,451	34.7	25.8	4,334	32.5
<b>Total</b>	<b>15,720</b>	<b>100.0</b>	<b>17.9</b>	<b>13,337</b>	<b>100.0</b>

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

# MANAGEMENT DISCUSSION AND ANALYSIS

In terms of development strategy, in 2022, Chaucer took the initiative to exit some small-scale primary insurance business, further focused on the main direction of business development, and deployed business resources more specifically in Chaucer's core business areas. In the long run, Chaucer will continue to focus on the development of its core business with competitive advantages which will further consolidate Chaucer's sustainable, differentiated and influential market leading position in this segment.

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

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

In terms of service platforms, with headquarters in London, and international branches for Europe, the Middle East and North Africa, Latin America and Asia, Chaucer provides insurance protections to clients worldwide. We provide our clients with a range of flexible business platforms to choose from. Membership of Lloyd's allows Chaucer to take advantage of Lloyd's strong rating and excellent brand reputation to provide risk coverage to our clients in over 200 countries and territories worldwide. Our underwriting capacity at Lloyd's exceeded GBP1.1 billion, making us one of the leading platforms with substantial contract leadership capabilities in Lloyd's market. Furthermore, the brand strength and global reputation of China Re Group have brought Chaucer many new business opportunities, including providing underwriting support to the "Belt and Road Initiative" related enterprises.

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

In terms of environmental, social and governance (ESG), Chaucer formulated clear visions and strategy in 2022, and partnered with Moody's Analytics to develop a market leading Balanced Scorecard tool to assess the ESG profile of all counterparties across the business from underwriting, investments and operations, with the scoring being anchored to the UN Sustainable Development Goals and won favorable feedback from the market. Meanwhile, Chaucer obtained a MSCI ESG rating of A during the Reporting Period.

## **CNIP Business**

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In 2022, our reinsurance premium income via the CNIP platform amounted to RMB135 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Analysis

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

*Unit: in RMB millions, except for percentages*

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Written Premiums

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

## Premiums Ceded to Reinsurers and Retrocessionaires

Premiums ceded to reinsurers and retrocessionaires for our P&C reinsurance segment increased by 89.2% from RMB4,454 million in 2021 to RMB8,427 million in 2022, mainly due to the adjustment in retrocession arrangements.

## Investment Income

Investment income from our P&C reinsurance segment decreased by 15.5% from RMB3,300 million in 2021 to RMB2,788 million in 2022. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

## Claims and Policyholders' Benefits

Claims and policyholders' benefits for our P&C reinsurance segment increased by 13.9% from RMB29,812 million in 2021 to RMB33,967 million in 2022, mainly due to the impact of major risk events which led to the corresponding increase in claims and policyholders' benefits.

## Handling Charges and Commissions

Handling charges and commissions for our P&C reinsurance segment increased by 16.5% from RMB13,766 million in 2021 to RMB16,035 million in 2022, mainly due to the impact of increase of the gross written premiums.

## Share of Profit and Loss of Associates

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

## Net Profit

As a result of the investment income and share of profits and losses of associates, net profit for our P&C reinsurance segment decreased by 55.0% from RMB2,366 million in 2021 to RMB1,065 million in 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIFE AND HEALTH REINSURANCE BUSINESS

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

In 2022, the external operating environment of the Group was complicated and severe with increasing uncertainties. The domestic life and health insurance market remained sluggish, and the industry regulation became stricter. The development of the overseas life and health insurance market slowed down and the capital market fluctuated sharply, posing challenges to the operation and development. We strove to overcome the adverse impact, continuously strengthened our core competitiveness, strictly prevented risks and safeguarded the baseline, and properly responded to the impact of various unexpected factors. We strategically developed the protection-type reinsurance business. In terms of “Product+”, we facilitated product improvement in the market from the supply side. In terms of “Data+”, we led the compilation work of the Fourth Mortality Table and the Guangdong-Hong Kong-Macao Greater Bay Area Mortality Table for Life and Health Insurance Industry of China 《中國人身保險業第四套經驗生命表及粵港澳大灣區經驗生命表》). To implement Healthy China strategy, develop Inclusive Finance and help achieve rural revitalisation, we actively advanced Hui Min Bao (惠民保) business and explored “Hypertension, Hyperlipidemia and Hyperglycemia Management” chronic disease management model while giving full play to the Company’s technical advantages in product innovation and risk control, and promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. We achieved diversified development in savings-type reinsurance business, strengthened coordinated innovation in domestic and overseas markets, and attached great importance to cost control and asset-liability management. We developed new financial reinsurance business in compliance with regulations and improved management of existing business. We continued paying close attention to the credit risk and compliance risk of our counterparties. We are in a solid competitive position in both the mainland and Hong Kong markets. In the mainland market, we have maintained the highest proportion of reinsurance contracts being entered into as leading reinsurer in all reinsurance contracts.

In 2022, reinsurance premium income from our life and health reinsurance segment amounted to RMB66,385 million, representing a year-on-year decrease of 4.3% and accounting for 38.0% of the Group’s gross written premiums (before inter-segment eliminations). Net profit amounted to RMB1,223 million, representing a year-on-year decrease of 55.5%, and weighted average return on equity reached 5.74%, of which reinsurance premium income from China Re Life (consolidated with China Re HK) amounted to RMB66,303 million, representing a year-on-year decrease of 4.3%; total written premiums (“TWPs”) amounted to RMB71,715 million (including TWPs of RMB5,412 million from savings-type non-insurance business), representing a year-on-year decrease of 3.7%.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Analysis

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

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

*Unit: in RMB millions, except for percentages*

For the year ended 31 December

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

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

*Unit: in RMB millions, except for percentages*

For the year ended 31 December

Non-insurance business	2022			2021	
	Amount	Percentage (%)	YoY Change (%)	Amount	Percentage (%)
Domestic savings-type non-insurance	5,412	100.0	5.0	5,154	99.4
Overseas savings-type non-insurance	0	0.0	–	30	0.6
<b>Total</b>	<b>5,412</b>	<b>100.0</b>	<b>4.4</b>	<b>5,184</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Domestic Life and Health Reinsurance Business

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

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

In respect of the protection-type reinsurance business, facing the unfavourable situations of lack of growth momentum and continuous pressure on the industry as a whole, the transformation of agency channels was still in the process of bottoming out, and the growth of new critical illness insurance and mid-end medical care products remained weak. After scientifically assessing the prospects of the industry, we countered challenges through implementing policies in a precise manner, thereby achieving growth in both business scale and profitability. In 2022, our reinsurance premium income amounted to RMB29,065 million, representing a year-on-year increase of 11.6%. Of which, reinsurance premium income of RMB11,491 million was from the yearly renewable term reinsurance business<sup>1</sup> and RMB8,151 million was from medical care insurance business, representing a year-on-year increase of 22.61% in total reinsurance premium income. The reasons for the increase in premium income were that (i) we focused on the new customers and main products of traditional track to further consolidate the long-term cooperation with key customers, and we deeply participated in the new market of medical insurance in transition of long-term protection and maintained a leading position in market share, while tapping into the new critical illness business; (ii) we accelerated the development of innovative track, closely followed the market dynamics of the pharmaceutical industry, and cultivated potential markets such as CAR-T and consumer healthcare; (iii) we also focused on integration and innovation across industries, achieving strategic breakthroughs in “Hui Min Bao” business and innovative payment business. In 2022, “Hui Min Bao” business launched a total of 59 products, covering over 67 million people. With the combined effect of innovation-driven and stringent risk control, the underwriting benefits improved. The combined ratio (excluding operating and administrative expenses) after retrocession of the short-term protection-type business was 97.67%, representing a steady business quality, and the underwriting profits were RMB569 million.

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

In respect of the savings-type reinsurance business, reinsurance premium income amounted to RMB9,928 million in 2022, representing a year-on-year increase of 119.9%, and the TWPs amounted to RMB15,340 million (including TWPs of RMB5,412 million from savings-type non-insurance business), representing a year-on-year increase of 58.7%. We proactively responded to adverse circumstances such as the downward pressure on interest rates and cost rigidity in the domestic market, explored opportunities for existing businesses, and undertook domestic large-scale business with lower business costs.

In respect of the financial reinsurance business, reinsurance premium income amounted to RMB16,724 million in 2022, representing a year-on-year decrease of 32.5%. We paid close attention to changes in the regulatory policies, continued with business model innovation and optimisation of analyses on counterparty risk, improved capital optimisation and management, and enhanced the efficiency of capital usage.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overseas Life and Health Reinsurance Business

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

In 2022, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB10,586 million, representing a year-on-year decrease of 24.2%. In particular, the reinsurance premium income from China Re Life and China Re HK (both after intra-group eliminations) amounted to RMB7,279 million and RMB3,307 million respectively. The decrease in premium income was mainly because we grasped the development pace of the savings-type reinsurance business based on market conditions, and the overseas savings-type reinsurance business recorded a year-on-year decrease.

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

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

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

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

*Unit: in RMB millions, except for percentages*

**For the year ended 31 December**

Type of reinsurance arrangement	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	66,181	99.8	69,094	99.7
Facultative reinsurance	122	0.2	208	0.3
<b>Total</b>	<b>66,303</b>	<b>100.0</b>	<b>69,302</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

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*

**For the year ended 31 December**

Form of cession	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	66,256	99.9	69,257	99.9
Non-proportional reinsurance	47	0.1	45	0.1
<b>Total</b>	<b>66,303</b>	<b>100.0</b>	<b>69,302</b>	<b>100.0</b>

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

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

*Unit: in RMB millions, except for percentages*

**For the year ended 31 December**

Line of business	2022			2021	
	Amount	Percentage (%)	YoY Change (%)	Amount	Percentage (%)
Life reinsurance	37,963	57.3	(14.4)	44,374	64.0
Health reinsurance	26,155	39.4	23.2	21,231	30.7
Accident reinsurance	2,185	3.3	(40.9)	3,697	5.3
<b>Total</b>	<b>66,303</b>	<b>100.0</b>	<b>(4.3)</b>	<b>69,302</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Analysis

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

*Unit: in RMB millions, except for percentages*

	For the year ended 31 December		Change (%)
	2022	2021 (Restated)	
Gross written premiums	66,385	69,374	(4.3)
Less: premiums ceded to retrocessionaires	(6,871)	(8,157)	(15.8)
Net written premiums	59,514	61,217	(2.8)
Changes in unearned premium reserves	955	(1,421)	–
Net premiums earned	60,469	59,796	1.1
Reinsurance commission income	1,357	816	66.3
Investment income	4,147	7,091	(41.5)
Exchange (losses)/gains, net	(552)	102	–
Other income	2,693	2,347	14.7
Total income	68,114	70,152	(2.9)
Claims and policyholders' benefits	(59,907)	(60,145)	(0.4)
Handling charges and commissions	(5,267)	(4,833)	9.0
Finance costs	(829)	(641)	29.3
Other operating and administrative expenses	(2,070)	(2,293)	(9.8)
Total benefits, claims and expenses	(68,073)	(67,912)	0.2
Share of profit or loss of associates	1,129	1,188	(5.0)
Profit before tax	1,170	3,428	(65.9)
Income tax	53	(682)	–
Net profit	1,223	2,746	(55.5)

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Written Premiums

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

## Premiums Ceded to Retrocessionaires

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

## Investment Income

Investment income for our life and health reinsurance segment decreased by 41.5% from RMB7,091 million in 2021 to RMB4,147 million in 2022. For details of analysis on changes of investment income, please refer to relevant contents in the asset management business segment.

## Claims and Policyholders' Benefits

Claims and policyholders' benefits for our life and health reinsurance segment decreased by 0.4% from RMB60,145 million in 2021 to RMB59,907 million in 2022, which remained stable.

## Handling Charges and Commissions

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

## Share of Profit and Loss of Associates

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

## Net Profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment decreased by 55.5% from RMB2,746 million in 2021 to RMB1,223 million in 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PRIMARY P&C INSURANCE BUSINESS

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

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

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

Based on primary premium income of P&C insurance companies in the domestic market in 2022 publicly disclosed by the industry, we maintained leading market share in domestic primary P&C insurance business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Analysis

### Analysis by Line of Business

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

*Unit: in RMB millions, except for percentages*  
For the year ended 31 December

Line of business	2022			2021	
	Amount	Percentage (%)	YoY Change (%)	Amount	Percentage (%)
Motor insurance	23,837	51.7	6.3	22,432	52.0
Accident and short-term health insurance	8,457	18.3	12.0	7,553	17.5
Surety insurance	4,492	9.7	(17.2)	5,423	12.6
Liability insurance	4,018	8.7	40.0	2,871	6.7
Agriculture insurance	1,491	3.2	42.5	1,046	2.4
Cargo insurance	1,067	2.3	(9.6)	1,180	2.7
Others <sup>1</sup>	2,731	5.9	3.3	2,645	6.1
<b>Total</b>	<b>46,093</b>	<b>100.0</b>	<b>6.8</b>	<b>43,150</b>	<b>100.0</b>

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

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

**Motor Insurance.** In 2022, primary premium income from our motor insurance amounted to RMB23,837 million, representing a year-on-year increase of 6.3%. We adhered to the business philosophy of “prioritising efficiency and accelerating development”, guided by the principle of comprehensive operation of motor insurance to establish the awareness on cost operation and consolidate the crucial status of motor insurance. With the management of policy cost as the core, we achieved pricing upgrade, structural optimisation, controllable cost and healthy development from four aspects, namely improvement in precise pricing, policy cost management, business development promotion and business quality management and control. We also established a new model for motor insurance management to enhance the acquisition capability of incremental business and promote the healthy and stable development of motor insurance business based on the driving model.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

*Agriculture Insurance.* In 2022, primary premium income from agriculture insurance amounted to RMB1,491 million, representing a year-on-year increase of 42.5%. We continued to improve the operating conditions of agriculture insurance business, obtaining operating qualifications for agriculture insurance in 32 provinces (autonomous regions, municipalities directly under the central government and municipalities separately listed on the state plan) cumulatively. We made every effort to advance the policy selection projects for agriculture insurance, and made breakthroughs in innovative insurance for planting insurance, breeding insurance, forest insurance and agriculture insurance, as well as agriculture-related insurance, with an additional bid-winning amount of RMB345 million. We continued to innovate and develop insurance products, and focused on exploring insurance for agricultural products with local characteristics, weather index insurance, price index insurance, agricultural futures price insurance, planting income insurance and other insurances. Cumulatively, 291 products including 152 innovative products were developed and filed for the whole year.

*Cargo Insurance.* In 2022, primary premium income from cargo insurance amounted to RMB1,067 million, representing a year-on-year decrease of 9.6%. The decrease in business was mainly attributable to the decline in the scale of return freight insurance of online shopping, except for which, other business lines maintained steady development. Among which, we effectively promoted the development of harmless cold chain insurance business, providing risk protection of RMB19,700 million for 427 insurants.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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*

For the year ended 31 December

Business channel	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Insurance agents	26,474	57.4	25,244	58.5
Of which: Individual insurance agents	15,446	33.5	15,402	35.7
Ancillary insurance agencies	1,651	3.6	2,130	4.9
Professional insurance agencies	9,377	20.3	7,712	17.9
Direct sales	14,061	30.5	13,974	32.4
Insurance brokers	5,558	12.1	3,932	9.1
<b>Total</b>	<b>46,093</b>	<b>100.0</b>	<b>43,150</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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*

For the year ended 31 December

Region	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Shanghai	6,683	14.5	7,613	17.6
Zhejiang	4,293	9.3	3,544	8.2
Yunnan	3,188	6.9	3,092	7.2
Shandong	2,684	5.8	2,518	5.8
Inner Mongolia	2,069	4.5	1,811	4.2
Jiangxi	2,035	4.4	1,776	4.1
Sichuan	1,729	3.8	1,360	3.2
Guangdong	1,551	3.4	1,390	3.2
Henan	1,456	3.2	1,408	3.3
Anhui	1,456	3.2	1,268	2.9
Others	18,949	41.1	17,370	40.3
<b>Total</b>	<b>46,093</b>	<b>100.0</b>	<b>43,150</b>	<b>100.0</b>

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

## Combined Ratio

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

For the year ended 31 December

	2022	2021 (Restated)
Loss ratio (%)	68.24	70.93
Expense ratio (%) <sup>1</sup>	34.82	35.63
<b>Combined ratio (%)</b>	<b>103.06</b>	<b>106.56</b>

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Analysis

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

*Unit: in RMB millions, except for percentages*

**For the year ended 31 December**

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Written Premiums

Gross written premiums for our primary P&C insurance segment increased by 6.6% from RMB43,496 million in 2021 to RMB46,361 million in 2022, mainly due to the relatively rapid increase in premium of motor insurance, health insurance, liability insurance, agriculture insurance, etc.

## Premiums Ceded to Reinsurers

Premiums ceded to reinsurers for our primary P&C insurance segment increased by 7.6% from RMB4,456 million in 2021 to RMB4,796 million in 2022, mainly due to the increase in gross written premiums, which led to a corresponding increase in premiums ceded to reinsurers.

## Reinsurance Commission Income

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

## Investment Income

Investment income for our primary P&C insurance segment decreased by 52.5% from RMB2,895 million in 2021 to RMB1,373 million in 2022. For details of analysis on changes of investment income, please refer to relevant contents in the asset management business segment.

## Claims and Policyholders' Benefits

Claims and policyholders' benefits for our primary P&C insurance segment increased by 2.4% from RMB27,548 million in 2021 to RMB28,205 million in 2022, mainly due to the increase of loss ratio for motor insurance as a result of the effective implementation of policies for comprehensive reform of motor insurance.

## Handling Charges and Commissions

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

## Net profit

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## ASSET MANAGEMENT BUSINESS

In 2022, the intensifying geopolitical conflicts and the tightening of monetary policies of major developed economies affected overseas economic growth, and the impact of the decline in real estate investment dragged down the domestic economic recovery. Against this macroeconomic backdrop, the global asset prices fluctuated sharply, and the domestic equity asset prices declined amid fluctuations, while the yield of domestic bond market fluctuated narrowly.

As at the end of the Reporting Period, the balance of assets under the management of the Group amounted to RMB422,960 million, of which the total investment assets balance of the Group was RMB320,697 million, representing an increase of 0.1% from the end of the previous year; the balance of third-party assets under the management of the Group was RMB102,263 million, representing an increase of 295.3% from the end of the previous year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Investment Portfolio

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

*Unit: in RMB millions, except for percentages*

Investment assets	31 December 2022		31 December 2021 (Restated)	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	14,794	4.6	23,096	7.2
Fixed-income investments	271,141	84.5	257,338	80.3
Time deposits	21,797	6.8	21,366	6.7
Bonds	180,503	56.3	168,255	52.5
Government bonds	19,319	6.0	14,948	4.7
Financial bonds	28,792	9.0	23,950	7.5
Enterprise (corporate) bonds	116,569	36.3	116,043	36.2
Subordinated bonds	15,823	5.0	13,314	4.1
Investments classified as loans and receivables	35,696	11.1	39,097	12.2
Other fixed-income investments <sup>1</sup>	33,145	10.3	28,620	8.9
Equity and investment funds	57,274	17.9	56,043	17.5
Investment funds <sup>2</sup>	26,771	8.3	26,246	8.2
Stocks	27,394	8.5	26,607	8.3
Unlisted equity shares <sup>3</sup>	3,109	1.0	3,190	1.0
Other investments	28,439	8.9	32,012	10.0
Investment in associates	22,640	7.1	25,584	8.0
Others <sup>4</sup>	5,799	1.8	6,428	2.0
Less: Financial assets sold under agreements to repurchase	(50,951)	(15.9)	(47,986)	(15.0)
<b>Total investment assets</b>	<b>320,697</b>	<b>100.0</b>	<b>320,503</b>	<b>100.0</b>

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

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

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

4. Including investment properties, currency swaps, etc.

# MANAGEMENT DISCUSSION AND ANALYSIS

In terms of investment management, we adhered to the general tone of seeking progress while maintaining stability amid the significant market fluctuations, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and deterministic investment income. In terms of domestic fixed income, we flexibly mastered the pace of market to steadily promote the re-allocation upon maturity and strictly controlled the credit risk, while optimising the allocation of non-standard products to play the crucial role of stabilisation. As for overseas fixed income, we focused on risk avoidance, highlighted the chance of sharp rebound of yields, and optimised the allocation to improve medium-and-long-term returns. For equity investment, we kept focused, controlled our position, and balanced the structure. In particular, we explored on industries and high-quality individual stocks with medium-and-long-term sustainable room for growth and valuation that matched with the fundamentals. For alternative investments, we seized investment opportunities to keep paying attention to high-growth quality enterprises and exited the existing listed projects in an orderly manner.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life, China Continent Insurance and products from insurance asset managers for management<sup>1</sup> with China Re AMC acting as the trustee, domestic credit bond investment accounted for 22.93% of which bonds with AAA rating<sup>2</sup> accounted for 97.55%, and bonds with AA rating and above accounted for 100%. Currently, there is no bond default and the risk is generally controllable.

As at the end of the Reporting Period, the assets entrusted by the Group Company, China Re P&C, China Re Life and China Continent Insurance and products from insurance asset managers for management with China Re AMC acting as the trustee directly held domestic non-standard assets<sup>3</sup> accounted for 10.50% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 79.86%. The top three industries in terms of positions held were real estate, transportation and public utilities, accounting for 28.26%, 23.54% and 22.60%, respectively.

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

On 23 June 2016, China Re AMC initiated to establish China Re – Bairong World Trade Center Real Estate Debt Investment Scheme with a term of 11 years. The subscription amount by China Re P&C, China Re Life and China Continent Insurance was RMB8.0 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 2022, China Everbright Bank continued to boost the strategy of “building a first-class wealth management bank”, and its transformation of wealth management was improved steadily with a stable asset quality, and the overall operation was relatively stable. As at the end of the Reporting Period, China Re Group held approximately 4.29% equity interest in China Everbright Bank in aggregate. China Everbright Bank is expected to bring us long-term and stable investment returns in the future.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Investment Performance

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

*Unit: in RMB millions, except for percentages*

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

# MANAGEMENT DISCUSSION AND ANALYSIS

- Notes: 1. Including gains or losses from changes in fair value of derivative financial instruments, realised gains or losses from derivative financial instruments and rental income of investment properties.
2. Total investment income = Investment income + share of profit or loss of associates – interest expenses on securities sold under agreements to repurchase;  
Total investment yield = Total 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 + available-for-sale financial assets + held-to-maturity investments + investments classified as loans and receivables + reinsurers' share of policy loans + investments in associates + statutory deposits + derivative financial instruments + investment properties – financial liabilities at fair value through profit or loss – securities sold under agreements to repurchase.
3. Net investment income = Interest income + dividend income + rental income + share of profit or loss of associates;  
Net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## INSURANCE INTERMEDIARY BUSINESS

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

In 2022, revenue from insurance intermediary business amounted to RMB544 million, representing a year-on-year increase of 7.2%. Profit before tax amounted to RMB3.25 million, representing a year-on-year increase of 24.5%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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:

	31 December 2022	31 December 2021 (after adjustment)	31 December 2021 (before adjustment)	Change (%)
<i>Unit: in RMB millions, except for percentages</i>				
<b>China Re Group</b>				
Core capital	89,921	99,147	99,645	(9.3)
Available capital	108,961	112,145	112,643	(2.8)
Minimum capital	57,363	53,855	53,930	6.5
Core solvency adequacy ratio (%)	157	184	185	Decrease by 27 percentage points
Aggregated solvency adequacy ratio (%)	190	208	209	Decrease by 18 percentage points
<b>Group Company</b>				
Core capital	74,237	78,540	78,950	(5.5)
Available capital	74,237	78,540	78,950	(5.5)
Minimum capital	11,693	13,135	13,163	(10.9)
Core solvency adequacy ratio (%)	635	598	600	Increase by 37 percentage points
Aggregated solvency adequacy ratio (%)	635	598	600	Increase by 37 percentage points
<b>China Re P&amp;C</b>				
Core capital	17,580	22,309	22,627	(21.2)
Available capital	28,260	30,308	30,627	(6.8)
Minimum capital	14,811	14,233	14,304	4.1
Core solvency adequacy ratio (%)	119	157	158	Decrease by 38 percentage points
Aggregated solvency adequacy ratio (%)	191	213	214	Decrease by 22 percentage points
<b>China Re Life</b>				
Core capital	30,197	33,790	33,790	(10.6)
Available capital	37,565	38,788	38,788	(3.2)
Minimum capital	18,053	18,028	18,028	0.1
Core solvency adequacy ratio (%)	167	187	187	Decrease by 20 percentage points
Aggregated solvency adequacy ratio (%)	208	215	215	Decrease by 7 percentage points
<b>China Continent Insurance</b>				
Core capital	20,799	25,044	25,224	(17.0)
Available capital	23,028	25,044	25,224	(8.1)
Minimum capital	8,847	6,841	6,857	29.3
Core solvency adequacy ratio (%)	235	366	368	Decrease by 131 percentage points
Aggregated solvency adequacy ratio (%)	260	366	368	Decrease by 106 percentage points

# MANAGEMENT DISCUSSION AND ANALYSIS

- 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 as at 31 December 2022 have been audited by the auditors of the Company.
  4. Affected by certain non-holding enterprise's reduction in its results for 2021 after adjustment, the Group's financial data for 2021 has been restated accordingly, and the relevant solvency indicator data as at 31 December 2021 has also been adjusted accordingly. The data before and after the adjustment are presented in the above table.

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

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the "Summary of Solvency Reports" as of the end of the fourth quarter of 2022 of the Group Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, will be disclosed on their official websites respectively and the website of Insurance Association of China in due course.

# MANAGEMENT DISCUSSION AND ANALYSIS

Shareholders and investors are advised by the Board to pay attention to the following operation indicators extracted from the Summary of Solvency Reports for the fourth quarter:

Table 1: Key operating indicators

*Unit: in RMB millions unless otherwise stated*

Indicators	Entities Group Company	China Re P&C	China Re Life	China Continent Insurance
<b>As at 31 December 2022</b>				
Total assets	84,475	107,094	224,570	87,647
Net assets	61,806	20,656	19,139	24,096
Insurance contract liabilities	13,590	56,352	139,452	44,998
<b>For the year ended 31 December 2022</b>				
Insurance income	4,934	47,752	66,297	46,361
Net profit	3,250	24	619	(985)
Basic earnings per share (RMB)	0.077	0.002	0.076	(0.065)
Return on equity (%)	5.30	0.11	3.07	(3.92)
Return on total assets (%)	3.94	0.02	0.28	(1.15)
Investment yield (%)	5.84	(0.46)	3.43	(0.26)
Combined investment yield (%)	4.91	(2.68)	1.67	(2.97)

# MANAGEMENT DISCUSSION AND ANALYSIS

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

*Unit: in RMB millions unless otherwise stated*

Indicators	Entity	China Continent Insurance
<b>For the year ended 31 December 2022</b>		
Premiums of signed policies (total premiums for policies sold)		45,996
Premiums of signed policies for motor insurance		23,910
Premiums of signed policies for top 5 non-motor insurance		18,296
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/number of new motors underwritten)		1,141
Premiums of signed policies by channels		45,996
Premiums of signed policies of agency channels		26,783
Premiums of signed policies of direct sale channels		13,614
Premiums of signed policies of brokerage channels		5,599
Premiums of signed policies of other channels		0

- Notes: 1. As the consolidated scope is larger than these four companies and affected by offsetting factors when calculating the consolidated net profit of the Group, the consolidated net profit of the Group is not equal to the sum of net profits of these four companies.
2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## EXCHANGE RATE FLUCTUATION RISK

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

## DETAILS OF ASSETS CHARGED AND BANK BORROWINGS

As at 31 December 2022, bonds with a carrying value of RMB15,468 million (as at 31 December 2021: RMB17,678 million) were pledged as collateral for the securities sold under agreements to repurchase resulting from debt repurchase transactions entered into by the Group in the interbank market.

For debt repurchase transactions through the stock exchange, the Group is required by the stock exchange to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transactions during the repurchase period. As at 31 December 2022, the carrying value of bonds deposited in the collateral pool was RMB51,446 million (as at 31 December 2021: RMB49,593 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

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

## CONTINGENCIES

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

- (1) As at 31 December 2022, the Group Company provided maritime guarantee of RMB1,671 million (31 December 2021: RMB1,825 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 31 December 2022, CRIH provided the letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP350 million totally (31 December 2021: GBP335 million).
- (3) During the Reporting Period, CRIH entered into Tier 1 securities lending arrangements for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP100 million and USD75 million (31 December 2021: GBP80 million and USD50 million) respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

In addition, the related-party transactions set out in Note 55 to the financial statements do not constitute the connected transactions under the Hong Kong Listing Rules. Therefore, they do not need to comply with the requirements of reporting, announcement or independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

### Use of Proceeds

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

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

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

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

## OTHER MAJOR EVENTS

### Maturity and Repayment of US Dollar-Denominated Notes

Reference is made to the voluntary announcement of the Company issued on 10 March 2022, in relation to the 3.375% notes in a principal amount of USD1.5 billion (the "Notes"), which were due on 9 March 2022, and the repayment status.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

### Market Environment

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

## Outlook of China Re Group

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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

For the life and health reinsurance business, we will actively promote supply side reforms such as products and services by taking major development opportunities such as the health insurance development of the industry, industrial integration and digital transformation, and continue to pay attention to industry policies and risk events. Focusing on "Data+" and "Product+", we will vigorously expand business scale of the protection-type business, explore policy opportunities such as new critical illnesses, long-term medical care and inclusive medical care, innovate and upgrade product development and service integration, as well as continue to strengthen risk prevention and management to promote high-quality development of the protection-type business. We will strictly control operating cost, enhance the asset-liability matching and risk management of the savings-type business. We will anchor in meeting the industry regulatory requirements and our customers' needs, strengthen counterparty risk management and existing business management, and develop the financial reinsurance business with innovative solutions under the principle of risk control. We will fully capitalise on "(domestic and overseas) dual-markets" and "(business and investment) dual-platforms" to achieve the collaborative development of business in domestic and overseas markets.

# MANAGEMENT DISCUSSION AND ANALYSIS

For the primary P&C insurance business, we will closely follow the national strategies and the Group's "14th Five-Year" development plan, focus on "customers, processes and performance", uphold integrity and innovation, optimise structure, control risks, improve quality and efficiency, and promote the high-quality development to a new level. In terms of motor insurance, we will adhere to benchmarking the industry, optimise the structure with improved quality, and deepen the transformation and development of motor insurance. In terms of non-motor insurance, we will closely integrate business development with the national strategies, further enhance the initiative of serving the national strategies with a focus on key points and opportunities exploration, strengthen product and service innovation and expand development room in areas such as safeguarding the real economy, serving social governance, promoting rural revitalisation, strengthening people's livelihood protection, and supporting small and micro enterprises. We will consolidate the foundation of corporate management with effective development measures, and improve the overall management level to achieve underwriting profit.

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



**DIRECTORS, SUPERVISORS, SENIOR  
MANAGEMENT AND EMPLOYEES**

**CORPORATE GOVERNANCE REPORT**

**REPORT OF THE BOARD OF DIRECTORS**

**REPORT OF THE BOARD OF  
SUPERVISORS**

**REINSU**



# CHINA FRANCE

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Directors

Name	Month and Year of Birth	Position	Date of Appointment
He Chunlei	April 1965	Executive Director Chairman	February 2017 December 2022
Zhuang Qianzhi	January 1972	Executive Director Vice Chairman	August 2021 December 2022
Wang Xiaoya	November 1964	Non-executive Director	August 2019
Liu Xiaopeng	July 1975	Non-executive Director	November 2019
Li Bingquan	June 1972	Non-executive Director	January 2022
Yang Changsong	May 1966	Non-executive Director	November 2022
Hao Yansu	July 1958	Independent Non-executive Director	December 2014
Li Sanxi	March 1964	Independent Non-executive Director	December 2014
Mok Kam Sheung	December 1959	Independent Non-executive Director	August 2015
Jiang Bo	December 1955	Independent Non-executive Director	December 2018

- Notes: 1. Mr. Yuan Linjiang ceased to serve as the Chairman and an executive Director since 15 September 2022.
2. Mr. Wen Ning ceased to serve as a non-executive Director since 8 November 2022.
3. Mr. He Chunlei has served as the Chairman since 7 December 2022.
4. Mr. Zhuang Qianzhi has served as the Vice Chairman since 7 December 2022.
5. Mr. Li Bingquan has served as a non-executive Director since 10 January 2022.
6. Mr. Yang Changsong has served as a non-executive Director since 8 November 2022.
7. For details of Directors' positions in the specialised committees of the Board, please refer to the section headed "Corporate Governance Report" in this annual report.
8. Upon the approval at the first extraordinary general meeting of 2023, Mr. Li Wenfeng, Mr. Dai Deming, Ms. Ye Mei and Mr. Ma Ho Fai have been appointed as Directors. They will officially perform their duties after their qualifications as Directors are approved by the CBIRC and the implementation of the procedural requirements stipulated in the Articles of Association.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Supervisors

Name	Month and Year of Birth	Position	Date of Appointment
Zhu Hailin	October 1965	Shareholder Representative Supervisor, Chairman of the Board of Supervisors	December 2022
Zhu Yong	June 1969	Shareholder Representative Supervisor	December 2014
Zeng Cheng	July 1980	Shareholder Representative Supervisor	July 2018
Qin Yueguang	October 1976	Employee Representative Supervisor	June 2018
Li Jingye	February 1972	Employee Representative Supervisor	June 2018

- Notes: 1. Ms. Xiong Lianhua ceased to serve as the Chairlady of the Board of Supervisors and a shareholder representative Supervisor since 29 April 2022.
2. Mr. Zhu Hailin has served as a shareholder representative Supervisor and the Chairman of the Board of Supervisors since 1 December 2022.

## Senior Management

Name	Month and Year of Birth	Position	Date of Appointment
Zhuang Qianzhi	January 1972	President Chief Risk Officer	March 2023 April 2021
Zhu Xiaoyun	August 1975	Vice President Board Secretary Joint Company Secretary	November 2021 June 2017 April 2017
Lei Jianming	June 1979	Vice President	March 2023
Tian Meipan	October 1974	Chief Actuary	December 2012
Cao Shunming	August 1974	Compliance Controller	March 2022

- Notes: 1. Mr. He Chunlei ceased to serve as the President since 1 November 2022.
2. Mr. Zhuang Qianzhi served as the Compliance Controller from 26 July 2021 to 15 March 2022. He has served as the provisional person-in-charge acting on behalf of the President since 1 November 2022. He has served as the President since 17 March 2023.
3. Mr. Lei Jianming has served as the Assistant to the President since 21 March 2022, and has served as the Vice President since 30 March 2023.
4. Mr. Cao Shunming has served as the Compliance Controller since 15 March 2022.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND JOINT COMPANY SECRETARIES

### Directors

#### Executive Directors

**Mr. He Chunlei** (和春雷), is the Chairman and an executive Director of the Company. He holds a doctoral degree in economics and is an associate research fellow. Before joining the Company, Mr. He had served in the Economic Research Institute of the Academy of Social Sciences of Shaanxi Province, and the post doctoral programme of Economics of the Chinese Academy of Social Sciences. Mr. He had served as the deputy general manager of China Continent Insurance, the vice chairman of the board of directors, the general manager and the chairman of the board of directors of China Re P&C, the chief executive officer of the international P&C reinsurance business of the Company, the chairman of the board of directors of China Continent Insurance, a director of China Re AMC, the chairman of the board of directors of China Re Life, the Vice President and the Executive Vice President (assuming the role of the President), the Vice Chairman and President of the Company. Mr. He has been an executive Director of the Company since February 2017 and the Chairman of the Company since December 2022; he is also currently a non-executive director of Shanghai Insurance Exchange Company Limited, the chairman of “Belt and Road” Reinsurance Community of the PRC, and the chairman of CNIP.

**Mr. Zhuang Qianzhi** (莊乾志), is the Vice Chairman, an executive Director, the President, and the Chief Risk Officer of the Company. He holds a doctoral degree in economics, and is a senior economist. Before joining the Company, Mr. Zhuang served as a deputy general manager of the investment banking department, the head of strategy development department, the head of the general office (party committee office), the head of the office of the board of directors, the head of office of the board of supervisors, the general manager of risk management department of China Jianyin Investment Ltd., an executive director and vice president of the Southwest Securities Co., Ltd., the chairman of the board of directors of JIC Technology Investment Co., Ltd., and the assistant to the president of China Jianyin Investment Ltd. Mr. Zhuang had served as the Vice President and the Compliance Controller of the Company. He has been the Chief Risk Officer of the Company since April 2021, an executive Director of the Company since August 2021, the provisional person-in-charge acting on behalf of the President of the Company since November 2022, the Vice Chairman of the Company since December 2022, and the President of the Company since March 2023.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### Non-executive Directors

**Ms. Wang Xiaoya** (汪小亞), is a non-executive Director of the Company. She holds a doctoral degree in macroeconomics and is a research fellow. Ms. Wang had served as chief and deputy director of the Research Bureau of the People's Bank of China, and a non-executive director of Industrial and Commercial Bank of China Limited. Ms. Wang has been a non-executive director of Bank of China Limited since August 2017, and a non-executive Director of the Company since August 2019. She is currently a member of the Academic Committee of the China Institute for Rural Studies of Tsinghua University, an invited researcher of the National Institute of Financial Research of Tsinghua University, and a doctoral supervisor of Southwestern University of Finance and Economics.

**Mr. Liu Xiaopeng** (劉曉鵬), is a non-executive Director of the Company. He holds a doctoral degree in world economics, and is a senior economist. Mr. Liu served as the vice division chief of the department of financial assets management of State Grid Corporation of China; the general manager of the investment management department, the assistant to the general manager and the general manager of the department of development and planning of State Grid Yingda International Holdings Co., Ltd.; the deputy general manager and the secretary to the board of directors of China Power Finance Co., Ltd.; the deputy director general of the global energy interconnection office of State Grid Corporation of China and the Global Energy Interconnection Development and Cooperation Organisation; the director of the strategic operations of Gome Holdings Group Company Limited; an executive director and the CEO of Gome Finance Technology Co., Ltd. Mr. Liu serves as a non-executive Director of the Company since November 2019, a non-executive director of Agricultural Bank of China Limited since January 2022. Mr. Liu is concurrently an adjunct professor of Nankai University.

**Mr. Li Bingquan** (李丙泉), is a non-executive Director of the Company. He holds a master's degree in business administration, and is a senior auditor. Mr. Li served as the cadre, deputy senior staff member, senior staff member and deputy director of general office of Jinan Resident Audit Office of the NAO; the head of the audit team of the general office of the board of supervisors/internal audit department, and the senior deputy manager and senior manager of the general office of the board of supervisors/internal audit department of China Investment Corporation. Mr. Li is currently a managing director of Central Huijin. Mr. Li has been a non-executive Director of the Company since January 2022.

**Mr. Yang Changsong** (楊長松), is a non-executive Director of the Company, and a university graduate. Mr. Yang worked in the third division of Finance and Taxation Management of Tianjin Finance Bureau, and he served as a staff member of the Chinese Enterprise Division in the Tianjin Finance Bureau under the Ministry of Finance, a staff member, deputy senior staff member and senior staff member of the first division of the Tianjin Commissioner Office under the Ministry of Finance, deputy director and director of the fourth division of the Tianjin Commissioner Office under the Ministry of Finance, director of the first division of the Tianjin Commissioner Office under the Ministry of Finance, director of the second business division of the Tianjin Commissioner Office under the Ministry of Finance, and deputy inspector of the Tianjin Commissioner Office under the Ministry of Finance, and a second-level inspector of Tianjin Regulatory Bureau of the Ministry of Finance. Mr. Yang has been a non-executive Director of the Company since November 2022.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Independent Non-executive Directors

**Mr. Hao Yansu (郝演蘇)**, is an independent non-executive Director of the Company. He holds a bachelor's degree of economics in finance, and is a professor. Mr. Hao had served as the dean of the insurance department at Liaoning University, the dean of the insurance department of Central Institute of Finance and Economics, the managing director of Hong Kong Zhongqing Insurance and Risk Management Consulting Company, and the dean of the School of Insurance of Central University of Finance and Economics. Mr. Hao is currently the director of the Academic Committee of the School of Insurance of Central University of Finance and Economics, an independent director of An Hua Agricultural Property Insurance Company Ltd. and an independent director of Dinghe Property Insurance Co., Ltd. Mr. Hao has been an independent non-executive Director of the Company since December 2014.

**Mr. Li Sanxi (李三喜)**, is an independent non-executive Director of the Company. He holds a bachelor's degree of economics in accounting, and is a senior auditor. Mr. Li had served at the administrative affairs department and the audit research institute of the NAO and Beijing Zhong Tian Heng Certified Public Accountants. Mr. Li is currently the chairman of the board of directors of Beijing Zhong Tian Heng Management Consulting Co., Ltd. and the general manager of Beijing Zhong Tian Heng Da Engineering Consulting Company. Mr. Li has been an independent non-executive Director of the Company since December 2014.

**Ms. Mok Kam Sheung (莫錦嫦)**, is an independent non-executive Director of the Company, and holds a Bachelor of Arts (honours) degree. Ms. Mok has over 26-year working experience of legal affairs. Ms. Mok is now a partner of CFN Lawyers. Ms. Mok has been an independent non-executive Director of the Company since August 2015, and she is currently an independent director of China Reinsurance (Hong Kong) Company Limited. Ms. Mok is qualified to practise as a solicitor of the High Court of Hong Kong and the Supreme Court of England and Wales. She is also qualified as a China appointed attesting officer by the Ministry of Justice of the PRC.

**Ms. Jiang Bo (姜波)**, is an independent non-executive Director of the Company. She holds a doctoral degree in economics, and is a senior accountant and a senior economist. Ms. Jiang was appointed as the chief financial officer and the chairman of the labour union of China Everbright Group Limited, a managing director, the vice president and the chief audit officer of China Everbright Bank, a director of China Everbright Holdings Company Limited (Hong Kong), Sun Life Everbright Life Insurance Co., Ltd., Everbright Financial Holding Asset Management Co., Ltd. and Shenyin & Wanguo Securities Co. Ltd., an independent non-executive director of China Shenhua Energy Company Limited and Sinopec Oilfield Service Corporation. Ms. Jiang is currently an independent director of GuoDu Securities Co., Ltd. Ms. Jiang has been an independent non-executive Director of the Company since December 2018.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Supervisors

**Mr. Zhu Hailin** (朱海林), is a shareholder representative Supervisor and the Chairman of the Board of Supervisors of the Company. He is an expert with special grants by the PRC government, and holds a doctoral degree in economics. He is also a certified public accountant in China (a non-practicing member), an associate research fellow and a doctoral supervisor. Prior to joining the Company, Mr. Zhu served as a deputy director and director of Accounting Department of the Ministry of Finance, a deputy director of the National Accountant Assessment & Certification Centre of the Ministry of Finance, a managing director and the chairman of the Risk and Internal Control Committee of Central Huijin Investment Ltd., during which Mr. Zhu successively served as a director of China Construction Bank Corporation, a director of Agricultural Bank of China Limited and a director of China International Capital Corporation Limited. Mr. Zhu has been a shareholder representative Supervisor and the Chairman of the Board of Supervisors of the Company since December 2022.

**Mr. Zhu Yong** (朱永), is a shareholder representative Supervisor of the Company. He holds a doctoral degree in economics, and is a senior auditor. Mr. Zhu worked for the department of monetary audit of the NAO as the deputy divisional director. Mr. Zhu served as the general manager of the legal and audit department and the general manager of the human resources department of Tianjin Binhai Rural Commercial Bank, and the divisional director of China Export & Credit Insurance Corporation, the senior manager of the office of the board of supervisors/internal audit department and the leader of the working group of the board of supervisors of China Investment Corporation. Mr. Zhu serves as the non-executive director of Hengfeng Bank Co., Ltd. (assigned by Central Huijin). Mr. Zhu has been a shareholder representative Supervisor of the Company since December 2014.

**Mr. Zeng Cheng** (曾誠), is a shareholder representative Supervisor of the Company. He holds a doctoral degree in accounting, and is a senior accountant. Mr. Zeng was the manager of the financial department of Central Huijin, and the senior deputy manager, senior manager and the leader of the tax group of the financial department of China Investment Corporation. Mr. Zeng is currently the leader of capital and treasury group of the financial department of China Investment Corporation. Mr. Zeng has been appointed as a shareholder representative Supervisor of the Company since July 2018. Mr. Zeng was qualified as a National High-end Accounting Talent, a Chartered Global Management Accountant (CGMA) and a Fellow of the Chartered Institute of Management Accountants (FCMA).

**Mr. Qin Yueguang** (秦躍光), is an employee representative Supervisor of the Company. He holds a bachelor's degree in accounting, and is a certified public accountant (non-practising member) in the PRC. Prior to joining the Company, Mr. Qin had worked in Konka Group Co., Ltd., Ping An Insurance (Group) Company of China, Ltd., China Taiping Insurance Group Ltd. and New China Life Insurance Company Ltd. Mr. Qin was the deputy general manager (in charge of daily operation) and the general manager of the risk management department of the Company and a director of China Re Life. Mr. Qin is concurrently serving as the vice president of China Continent Insurance. Mr. Qin has been an employee representative Supervisor of the Company since June 2018.

**Mr. Li Jingye** (李靖野), is an employee representative Supervisor of the Company. He holds a doctoral degree in finance, and is a senior economist. Mr. Li worked in the Central Financial Work Committee, the former China Banking Regulatory Commission and CIRC, and as the supervisor at deputy division head level of PICC Holding Company and China Reinsurance (Group) Company appointed by the State Council. Mr. Li was the assistant to general manager and deputy general manager of audit department/office of the Board of Supervisors of the Company. Mr. Li serves as the general manager of the department/office, and is concurrently serving as the audit controller of China Re AMC. Mr. Li has been an employee representative Supervisor of the Company since June 2018.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Senior Management

For the biography of **Mr. Zhuang Qianzhi**, please refer to the paragraphs headed “Executive Directors” above.

**Ms. Zhu Xiaoyun** (朱曉雲), is the Vice President, Board Secretary and a joint company secretary of the Company. She holds a master’s degree in economics, and is an economist. Ms. Zhu joined the Company in July 1998 and had served as the deputy head of the office of the Board, the deputy head and the head of the general office of the Company and the head of the general office (party committee office) of the Company. Ms. Zhu currently serves as the general manager of Human Resources Department of the Company. Ms. Zhu has been the joint company secretary of the Company since April 2017, the Board Secretary of the Company since June 2017 and the Vice President of the Company since November 2021. Ms. Zhu served as a director of Huatai Insurance Agency and Consultant Service Limited and China Banking and Insurance Media Company Ltd. (formerly known as China Insurance Media Company Ltd.).

**Mr. Lei Jianming** (雷建明), is the Vice President of the Company, and holds a master’s degree in agricultural extension. Prior to joining the Company, Mr. Lei served as the chief marketing officer and the general manager of the sales and marketing department of the Guangdong Branch, the assistant to the general manager and the deputy general manager of the Guangxi Branch, the deputy general manager (in charge of daily operation) and the general manager of the Guizhou Branch and the general manager of the Hunan Branch of New China Life Insurance Company Ltd. Mr. Lei served as the Assistant to the President of the Company, and has been the Vice President of the Company since March 2023.

**Mr. Tian Meipan** (田美攀), is the Chief Actuary of the Company, and holds a master’s degree in finance. Prior to joining the Company, Mr. Tian served as a lecturer at the insurance department of Nankai University. Mr. Tian served at the commercial business division of the life insurance business department of the Company. Mr. Tian served as a controller of the risk management department, the deputy general manager and the chief actuary of China Re Life. Mr. Tian is now an executive director and the general manager of China Re Life, and he has been the Chief Actuary of the Company since December 2012. Mr. Tian has obtained the qualification of actuary in North America and the PRC.

**Mr. Cao Shunming** (曹順明), is the Compliance Controller of the Company. He holds a doctoral degree in law, and is an associate researcher. Prior to joining the Company, Mr. Cao served in People’s Insurance Company of China, PICC Asset Management Company Limited and PICC Property and Casualty Company Limited. Mr. Cao served as the deputy general manager of risk management and legal and compliance department, the deputy general manager of the internal control, compliance and legal affairs department, the general manager of the risk management department and an employee representative Supervisor of the Company. Mr. Cao currently serves as the legal controller and the general manager of the internal control, compliance and legal affairs department of the Company and the chairman of the supervisory committee of Huatai Insurance Agency and Consultant Service Limited. Mr. Cao has been the Compliance Controller of the Company since March 2022. Mr. Cao holds a lawyer qualification in the PRC.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Joint Company Secretaries

For the biography of Ms. Zhu Xiaoyun, please refer to the paragraphs headed “Senior Management” above.

Ms. Ng Sau Mei (伍秀薇), has been appointed as a joint company secretary of the Company since April 2017. Ms. Ng is a director of the listing services department of TMF Hong Kong Limited. Ms. Ng has over 22 years of professional experience in the company secretarial field and is responsible for providing corporate secretarial and compliance services to listed company clients. Ms. Ng has extensive knowledge and experience in corporate governance and compliance matters for listed companies and currently serves as joint company secretary of several companies listed on the Main Board of the Hong Kong Stock Exchange, including Shandong Gold Mining Co., Ltd. and COSCO SHIPPING Development Co., Ltd., and is responsible for the corporate secretarial matters of several other companies listed on the Main Board of the Hong Kong Stock Exchange, including New China Life Insurance Company Ltd. and China Development Bank Financial Leasing Co., Ltd. Ms. Ng holds a master’s degree in law, and is a Chartered Secretary, a Corporate Governance Professional and a Fellow of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the UK.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR INFORMATION

### Changes of Directors and Their Information

Name	Original Position	Present Position	Changes of Biographies
Yuan Linjiang	Executive Director Chairman	Nil	Since 15 September 2022, Mr. Yuan Linjiang ceased to serve as the Chairman and an Executive Director.
Wen Ning	Non-executive Director	Nil	Since 8 November 2022, Mr. Wen Ning ceased to serve as a Non-executive Director.
He Chunlei	Executive Director Vice Chairman	Executive Director Chairman	Since 15 September 2022, Mr. He Chunlei has acted on behalf of the legal representative of the Company and Chairman of the Board. Since 7 December 2022, Mr. He Chunlei has served as the Chairman.
Zhuang Qianzhi	Executive Director	Executive Director Vice Chairman	Since 7 December 2022, Mr. Zhuang Qianzhi has served as the Vice Chairman.
Li Bingquan	Nil	Non-executive Director	Since 10 January 2022, Mr. Li Bingquan has served as a Non-executive Director.
Yang Changsong	Nil	Non-executive Director	Since 8 November 2022, Mr. Yang Changsong has served as a Non-executive Director.

For details of Mr. Yuan Linjiang's resignation, please refer to the announcement of the Company dated 15 September 2022. For details of Mr. Wen Ning's resignation, please refer to the announcement of the Company dated 8 November 2022. For details of Mr. He Chunlei's appointment, please refer to the announcements of the Company dated 15 September 2022 and 7 December 2022. For details of Mr. Zhuang Qianzhi's appointment, please refer to the announcements of the Company dated 1 November 2022 and 7 December 2022. For details of Mr. Li Bingquan's appointment, please refer to the announcements of the Company dated 28 September 2021, 29 October 2021, 28 December 2021 and 11 January 2022 and the circular dated 5 October 2021. For details of Mr. Yang Changsong's appointment, please refer to the announcements of the Company dated 22 July 2022, 27 September 2022 and 8 November 2022 and the circular of the Company dated 12 August 2022.

Save as disclosed above and in "Biographies of Directors, Supervisors, Senior Management and Joint Company Secretaries" under this section, as of the Latest Practicable Date, there was no other change of the Directors or their information required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Change of Supervisors and Their Information

Name	Original Position	Present Position	Changes of Biographies
Xiong Lianhua	Shareholder Representative Supervisor, Chairlady of the Board of Supervisors	Nil	Since 29 April 2022, Ms. Xiong Lianhua ceased to serve as the Chairlady of the Board of Supervisors and a Shareholder Representative Supervisor.
Zhu Hailin	Nil	Shareholder Representative Supervisor, Chairman of the Board of Supervisors	Since 1 December 2022, Mr. Zhu Hailin has served as a Shareholder Representative Supervisor and the Chairman of the Board of Supervisors.

For details of Ms. Xiong Lianhua's resignation, please refer to the announcement of the Company dated 29 April 2022.

For details of Mr. Zhu Hailin's appointment, please refer to the announcements of the Company dated 27 July 2022, 27 September 2022 and 1 December 2022 and the circular of the Company dated 12 August 2022.

Save as disclosed above and in "Biographies of Directors, Supervisors, Senior Management and Joint Company Secretaries" under this section, as of the Latest Practicable Date, there was no other change of the Supervisors or their information required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## Changes of Senior Management and Their Information

Name	Original Position	Present Position	Changes of Biographies
He Chunlei	President	Nil	Since 1 November 2022, Mr. He Chunlei ceased to serve as the President.
Zhuang Qianzhi	Vice President, Compliance Controller, Chief Risk Officer	President, Chief Risk Officer	From 26 July 2021 to 15 March 2022, Mr. Zhuang Qianzhi served as the Compliance Controller; since 1 November 2022, he has served as the provisional person-in-charge acting on behalf of the President; since 17 March 2023, he has served as the President of the Company.
Lei Jianming	Nil	Vice President	Since 21 March 2022, Mr. Lei Jianming has served as the Assistant to the President of the Company; since 30 March 2023, he has served as the Vice President of the Company.
Cao Shunming	Nil	Compliance Controller	Since 15 March 2022, Mr. Cao Shunming has served as the Compliance Controller of the Company.

For details of Mr. He Chunlei's resignation as the President and Mr. Zhuang Qianzhi's appointment as the President, please refer to the announcements of the Company dated 1 November 2022 and 17 March 2023.

Save as disclosed above and in "Biographies of Directors, Supervisors, Senior Management and Joint Company Secretaries" under this section, as of the Latest Practicable Date, there was no other change of the senior management of the Company or their information required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## EMPLOYEES

As of 31 December 2022, China Re Group had a total of 55,459 employees. The Group's staff remuneration comprises three components, namely basic salary, performance bonus and benefits and subsidies. We always uphold the guidance of "combining the market practice with the real situation of China Re", follow the distribution concept of "giving priority to the front-line staff, the front office staff, the core backbones and the best-performing staff", and have established a fair, competitive and motivating remuneration system. We have established an enterprise annuity plan and a supplementary medical insurance plan to provide employees with more comprehensive benefits, which plays an important role in attracting, motivating and retaining talents.

The Group is devoted to realising a win-win situation between corporate development and employee improvement, and has fully implemented talent protection to train young employees, backbone talents, and core talents in a targeted manner, in which we have increased investment in talent cultivation, strengthened employee career planning management, cleared the obstacles on the career growth channels, and established a talent training system with our characteristics through multi-level training, internal rotation and exchange, and overseas training to create a high-quality, professional and international team of employees.

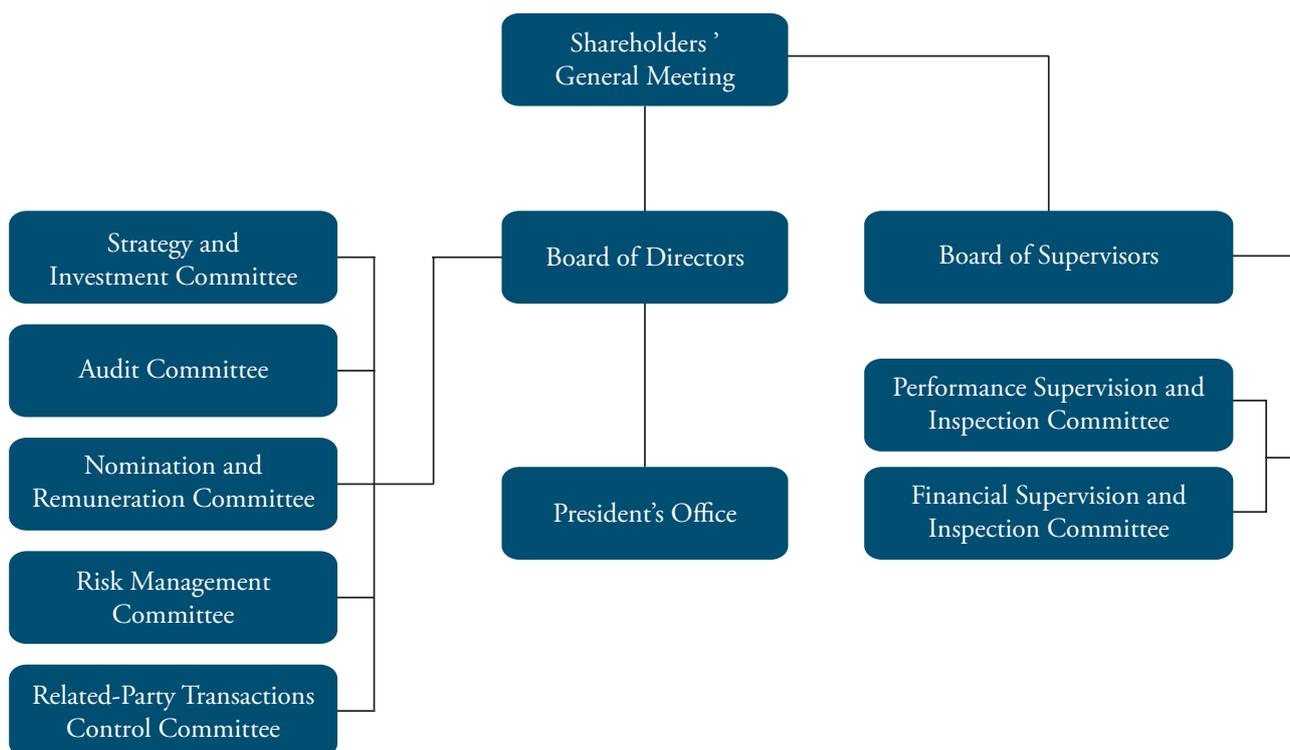
# CORPORATE GOVERNANCE REPORT

## OVERVIEW

The Company has always been in compliance with relevant laws and regulations and regulatory requirements such as the PRC Company Law, the PRC Insurance Law, the Hong Kong Listing Rules, earnestly performed the requirements of the Articles of Association, adhered to the principles of good corporate governance, strove for continuously enhancing the corporate governance standard to ensure the stable development of the Company and to enhance shareholders' value.

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

The corporate governance structure chart of the Company is set out as below:



# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' GENERAL MEETING

Shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws: (1) to decide on operational policies and investment plans of the Company; (2) to elect or replace the Directors and Supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of Directors and Supervisors; (3) to consider and approve the reports of the Board of Directors; (4) to consider and approve the reports of the Board of Supervisors; (5) to consider and approve annual financial budgets and final accounts of the Company; (6) to consider and approve proposals for profit distribution and recovery of losses of the Company; (7) to decide on increase or reduction of the registered capital of the Company; (8) to decide on the issuance of bonds, shares, warrants or other marketable securities and their listing of the Company; (9) to decide on merger, division, dissolution or liquidation of the Company and changes in the form of the Company; (10) to amend the Articles of Association and to formulate and amend the rules of procedures of the shareholders' general meetings, the Board of Directors and the Board of Supervisors; (11) to decide on the acquisition of shares of the Company; (12) to decide on the appointment, dismissal or non-reappointment of accounting firms which provide regular statutory audit for financial statements of the Company; (13) to consider and approve matters related to the Company's establishment of legal entities, significant external investment, major acquisition of assets, major disposal and write-off of assets, major external donation and major asset mortgage (other than those authorised to be determined by the Board); (14) to consider and approve related-party transactions required to be considered and approved by the shareholders' general meetings under laws, administrative regulations, regulatory requirements and requirements of the securities regulatory authorities or stock exchange at the place where the Company's shares are listed; (15) to consider and approve matters related to the change of use of the raised fund; (16) to consider and approve share incentive scheme; (17) to consider and approve any proposal raised by shareholders, individually or in aggregate, holding above 3% of the issued shares of the Company with voting rights; (18) to consider and approve plan on authorisation to the Board granted by the shareholders' general meetings; and (19) to consider other matters that are to be determined at the shareholders' general meetings as required by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

During the Reporting Period, the Company convened two shareholders' general meetings and the resolutions considered and approved at the meetings included:

- To consider and approve the Report of the Board of Directors for the Year 2021;
- To consider and approve the Report of the Board of Supervisors for the Year 2021;
- To consider and approve the Final Financial Accounts Report for the Year 2021;
- To consider and approve the Profit Distribution Plan for the Year 2021;
- To consider and approve the Investment Budget for Fixed Assets for the Year 2022;
- To consider and approve the 2022-2024 Three-Year Rolling Capital Plan;

# CORPORATE GOVERNANCE REPORT

- To consider and approve the Engagement of Statutory Financial Reporting Auditors and Related Fees for the Year 2022;
- To consider and approve the External Donations for the Year 2022;
- To consider and approve the Resolution on the Election of Mr. Yang Changsong as a Director for the Fourth Session of the Board of Directors of the Company; and
- To consider and approve the Resolution on the Election of Mr. Zhu Hailin as a Supervisor for the Fourth Session of the Board of Supervisors of the Company.

## Methods of Convening Extraordinary General Meetings and Proposing Resolutions by Shareholders

According to the Articles of Association, any shareholder(s), whether individually or in aggregate, holding more than 10% of the outstanding shares of the Company with voting rights may request in writing to convene an extraordinary general meeting and such shareholder(s) shall submit the subject(s) of the meeting and the full proposal(s) in writing to the Board. If the Board holds the view that the proposal(s) complies with the requirements under the PRC laws, administrative regulations, regulatory requirements and the Articles of Association, it shall issue a notice of shareholders' general meeting within five days after the resolution of the Board.

For details of the procedures for nominating candidates of Directors by shareholders, please refer to the website of the Company. Specific enquiries or suggestions by shareholders can be sent in writing to the Board at the Company's registered address or by e-mail to the Company. In addition, if the shareholders have any enquiries about their shareholdings and entitlement to dividend, they can contact Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, the contact details of which are set out in the section headed "Corporate Information" of this annual report.

When shareholders' general meetings are held by the Company, shareholders individually or in aggregate holding more than 3% of the issued shares of the Company with voting rights have the right to make proposals in writing. The proposing shareholders may raise interim proposals and submit to the convenor of the shareholders' general meeting 10 days prior to the date of the meeting, and matters in the interim proposals within the scope of functions and powers of the shareholders' general meeting shall be included in such meeting's agenda. The convenor of the shareholders' general meeting shall give supplemental notice to the shareholders within two days upon receiving such interim proposals. The content of such interim proposals shall be within the scope of functions and powers of the shareholders' general meetings, and shall contain specific subjects and concrete matters for approval.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

The Board shall be responsible for the shareholders' general meeting. It shall hold at least four regular meetings every year, and hold extraordinary meetings as required. Notice of regular meetings shall be given to all Directors and Supervisors at least 15 days before the date of the meeting (excluding the date of the meeting). Notice of extraordinary meetings shall be given to all Directors and Supervisors at least seven days before the date of the meeting (excluding the date of the meeting). In the event of an emergency matter, the convening of an extraordinary meeting is not subject to the aforementioned time limit of notification for the meeting, but reasonable notice shall be given.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders during their terms of office.

### Composition

As at the end of the Reporting Period, the Board comprised 10 Directors, consisting of two executive Directors, four non-executive Directors and four independent non-executive Directors.

Directors serve a term of three years and may serve consecutive terms if re-elected. Details are as follows:

Name	Position
He Chunlei	Chairman, Executive Director
Zhuang Qianzhi	Vice Chairman, Executive Director
Wang Xiaoya	Non-executive Director
Liu Xiaopeng	Non-executive Director
Li Bingquan	Non-executive Director
Yang Changsong	Non-executive Director
Hao Yansu	Independent Non-executive Director
Li Sanxi	Independent Non-executive Director
Mok Kam Sheung	Independent Non-executive Director
Jiang Bo	Independent Non-executive Director

- Notes:
1. Since 10 January 2022, Mr. Li Bingquan has served as a non-executive Director.
  2. Since 15 September 2022, Mr. Yuan Linjiang has ceased to serve as the Chairman of the Company and an executive Director, and Mr. He Chunlei has acted on behalf of the Chairman of the Company till 7 December 2022.
  3. Since 8 November 2022, Mr. Yang Changsong has served as a non-executive Director, and Mr. Wen Ning has ceased to serve as a non-executive Director.
  4. Since 7 December 2022, Mr. He Chunlei has served as the Chairman of the Company, and Mr. Zhuang Qianzhi has served as the Vice Chairman of the Company.

During the Reporting Period, the Board had been at all times in compliance with Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules which stipulate that an issuer must appoint at least three independent non-executive directors and at least one of the independent non-executive directors shall have appropriate professional qualifications or accounting or related financial management expertise, and with Rule 3.10A of the Hong Kong Listing Rules which specifies that an issuer must appoint independent non-executive directors representing at least one-third of the board.

# CORPORATE GOVERNANCE REPORT

All Directors (including independent non-executive Directors) have brought a variety of valuable working experience and expertise to the Board, enabling the Board to effectively perform its functions. All Directors have agreed to disclose to the Company in a timely manner the number, nature, position, and duration of office at other listed companies or institutions and other major appointments in accordance with the requirements of the Corporate Governance Code.

## Corporate Governance Functions

The Company is committed to maintaining the highest level of corporate governance and the Board plays an important role to maintain sound corporate governance. The corporate governance functions of the Board and its specialised committees include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

## Duties and Responsibilities

The Board shall be responsible for the shareholders' general meeting, and its main responsibilities include, but not limited to: (1) convening shareholders' general meetings and reporting its work to the shareholders' general meeting; (2) implementing the resolutions of the shareholders' general meetings; (3) determining the operation plans and investment proposals of the Company; (4) formulating the development strategies of the Company; (5) formulating the annual financial budget and final accounts of the Company; (6) formulating the profit distribution plan and loss recovery plan of the Company; (7) formulating proposals for increase or reduction of the registered capital or proposals for the issue of bonds, shares, warrants or other securities or the listing of the Company; (8) formulating plans for major acquisition of the Company, the acquisition of shares of the Company or merger, division, dissolution and changes of the form of the Company; (9) formulating proposals for any amendment to the Articles of Association; (10) formulating the procedural rules of the shareholders' general meetings and the Board and the working rules for specialised committees under the Board; (11) formulating the basic management system of the Company; (12) deciding on the establishment of internal management departments, branches and subsidiaries of the Company; (13) regularly evaluating and improving the corporate governance of the Company; (14) appointing or removing senior management of the Company, and implementing reviews as well as determining remuneration and rewards and punishment arrangements with respect to such personnel; appointing or removing members of each specialised committee under the Board; (15) reviewing and deciding on evaluation plans for the results of operation of our major subsidiaries; (16) reviewing annual financial reports and major disclosure of information of the Company; (17) proposing to the shareholders' general meeting on the appointment or removal of accounting firms which provide regular statutory audit on the financial statements of the Company; (18) considering and approving, or authorising the Related-Party Transactions Control Committee under the Board to approve related-party transactions, except for those which shall be considered and approved by the shareholders' general meeting as required by laws; (19) considering and approving the Company's matters such as external investment, acquisition of assets, disposal and write-off of assets, external donations and asset mortgage, except for the matters regulated under the functions and powers attributable to the shareholders' general meeting as stipulated in Article 69 of the Articles of Association; (20) listening to the report from the Company's President on the operation and management and inspecting the work of the President; (21) recruiting an external auditor to carry out the audit of the Directors and senior management of the Company; and (22) exercising such other functions and powers as granted by the PRC laws, administrative regulations, regulatory requirements or the Articles of Association and as empowered by the shareholders' general meeting.

# CORPORATE GOVERNANCE REPORT

## Summary of the Work Undertaken

During the Reporting Period, the Directors' attendance records of the shareholders' general meetings were as follows:

Name	Attended in person/ eligible to attend	Percentage of attendance in person (%)
Yuan Linjiang	1/1	100
He Chunlei	2/2	100
Zhuang Qianzhi	2/2	100
Wen Ning	2/2	100
Wang Xiaoya	2/2	100
Liu Xiaopeng	2/2	100
Li Bingquan	2/2	100
Yang Changsong	0/0	–
Hao Yansu	2/2	100
Li Sanxi	2/2	100
Mok Kam Sheung	2/2	100
Jiang Bo	2/2	100

During the Reporting Period, the Directors' attendance records of Board meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Yuan Linjiang	4/6	66.7	2/6	33.3
He Chunlei	6/8	75	2/8	25
Zhuang Qianzhi	7/8	87.5	1/8	12.5
Wen Ning	7/7	100	0/7	0
Wang Xiaoya	8/8	100	0/8	0
Liu Xiaopeng	8/8	100	0/8	0
Li Bingquan	8/8	100	0/8	0
Yang Changsong	1/1	100	0/1	0
Hao Yansu	7/8	87.5	1/8	12.5
Li Sanxi	8/8	100	0/8	0
Mok Kam Sheung	8/8	100	0/8	0
Jiang Bo	8/8	100	0/8	0

# CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Board held a total of eight meetings, at which 67 resolutions were considered and approved and 18 reports were received. The Directors have exercised their voting rights prudently and independently and put forward constructive opinions and suggestions which have effectively facilitated the efficient operation of corporate governance compliance and supported the orderly implementation of the “Fourteenth Five-Year” strategy of the Company while driving the improvement of operation and management of the Company.

## Directors

### Responsibility with Respect to Financial Statements

The management of the Company has provided the Board with necessary explanations and information enabling all Directors to consider the Company’s consolidated financial statements which are submitted to the Board for approval. The Directors are responsible for the preparation of financial statements for every financial year and the interim period thereof which shall reflect a true and fair view of the business operations of the Company by implementing proper accounting policies in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and implementing the accounting regulations issued by the Ministry of Finance and the CBIRC subject to compliance with the International Financial Reporting Standards.

The Board has confirmed that it is responsible for the preparation of the financial statements of the Company for the year ended 31 December 2022. The Company is not subject to any material uncertainties or circumstances which might cast significant doubt on the Company’s ability to continue as a going concern.

### Securities Transactions

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

### Training of Directors

During the Reporting Period, all Directors (Mr. Yuan Linjiang, Mr. He Chunlei, Mr. Zhuang Qianzhi, Mr. Wen Ning, Ms. Wang Xiaoya, Mr. Liu Xiaopeng, Mr. Li Bingquan, Mr. Yang Changsong, Mr. Hao Yansu, Mr. Li Sanxi, Ms. Mok Kam Sheung and Ms. Jiang Bo) were actively involved in continuous improvement in professional competence and participated in various kinds of training activities relating to corporate governance, the Hong Kong Listing Rules and risk management which were organised by the shareholders, industrial organisations and the Company, so as to develop and update their knowledge and skills and improve their performance ability, with the aim of making contributions to the Board with comprehensive information under appropriate circumstances.

# CORPORATE GOVERNANCE REPORT

## Chairman/President

During the Reporting Period, the Chairman and the President of the Company were performed by different persons. From 1 January 2022 to 15 September 2022, the Chairman of the Company was Mr. Yuan Linjiang, and the President was Mr. He Chunlei. Since 15 September 2022, Mr. Yuan Linjiang has ceased to serve as the Chairman of the Company, and Mr. He Chunlei had served the duties of the legal representative and the Chairman. Since 1 November 2022, Mr. He Chunlei has ceased to serve as the President of the Company, and Mr. Zhuang Qianzhi has served the duties of the President. Since 7 December 2022, Mr. He Chunlei has served as the Chairman of the Company.

The Chairman is responsible for providing leadership to the Board, ensuring that the Company has good corporate governance practices and procedures, and maintaining the effective operation of the functions of Board. If the Chairman is unable to perform his duties or does not perform his duties, the Vice Chairman shall perform the duties of the Chairman.

The President is responsible for leading the operation and management of the Company, organising the implementation of Board resolutions, annual operation plans and investment proposals, formulating the internal management organisation plan and basic management system, and making recommendations to the Board regarding the appointment or dismissal of the Vice President of the Company and other senior management (other than the Audit Controller and the Board Secretary). Details of the duties and responsibilities of the Chairman and the President are set out in the Articles of Association.

## Term of Office of Non-executive Directors

The term of office of non-executive Directors (including independent non-executive Directors) is three years.

## Independence of Independent Non-executive Directors

All independent non-executive Directors have complied with the independence guidance requirements set out in Rule 3.13 of the Hong Kong Listing Rules, and have submitted their letters of confirmation regarding their independence to the Company. As such, the Company considers that all independent non-executive Directors are still independent.

## Nomination of Directors

The Nomination and Remuneration Committee of the Board first reviews the candidates of Directors in accordance with the requirements of laws, regulations, regulatory documents, regulatory requirements and the Articles of Association and then makes recommendations to the Board.

## Remuneration of Directors

The Board has established the Nomination and Remuneration Committee with written working rules. As at the end of the Reporting Period, the Nomination and Remuneration Committee consisted of two non-executive Directors, being Mr. Yang Changsong (vice chairman) and Mr. Li Bingquan, and three independent non-executive Directors, being Mr. Hao Yansu (chairman), Mr. Li Sanxi and Ms. Mok Kam Sheung.

- Notes: 1. Since 8 November 2022, Mr. Wen Ning has ceased to serve as a member and the vice chairman of the Nomination and Remuneration Committee, and Mr. Yang Changsong has served as a member and the vice chairman of the Nomination and Remuneration Committee.
2. Since 10 January 2022, Mr. Li Bingquan has served as a member of the Nomination and Remuneration Committee.

# CORPORATE GOVERNANCE REPORT

The Articles of Association provide that the remuneration of the Directors shall be determined by the shareholders' general meetings of the Company from time to time. The remuneration of the independent non-executive Directors shall be proposed by the Board and reviewed and approved by the shareholders' general meeting. The Articles of Association provide that the Company shall enter into written contracts with the Directors in respect of remuneration matters with prior approval by the shareholders' general meeting. In 2022, except for independent non-executive Directors who received Directors' fees from the Company, all other Directors did not receive any remuneration from the Company in the capacity of Directors. Executive Directors received remuneration in the capacity of head of Central Financial Enterprise. The remuneration packages of independent non-executive Directors are determined based on the Company's actual situations with reference to market benchmarks.

## **Mechanisms for Directors to Obtain Independent Views and Opinions**

At Board meetings, the Directors can freely express their opinions, and major decisions can only be made after detailed discussion. If the Directors consider it necessary to seek advice from independent professional institutions, they may engage independent professional institutions according to procedures at the Company's expense. If a Director is interested in a matter to be considered by the Board, the relevant Director shall abstain from discussion and voting on the relevant resolution, and such Director shall not be counted in the quorum for voting on such resolution. In addition, the independent non-executive Directors shall also express objective, impartial and independent opinions on matters discussed by the Company. The independent non-executive Directors do not hold any positions in the Company other than that of Directors, do not have any relationships with the Company and its substantial shareholders that may affect their independent and objective judgments, and do not have any business or financial interests in the Company and its subsidiaries. As such, the participation of independent non-executive Directors also ensures a strong and adequate independent element on the Board. The Board will review the implementation and effectiveness of the aforesaid mechanism on an annual basis.

## **Specialised Committees of the Board**

There are five specialised committees under the Board, namely the Strategy and Investment Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Related-Party Transactions Control Committee. Each committee provides opinions and suggestions to the Board with respect to matters within the scope of its responsibilities. The duties and operation process of each specialised committee are explicitly stipulated in their respective working rules.

# CORPORATE GOVERNANCE REPORT

## Strategy and Investment Committee

### Composition

As at the end of the Reporting Period, the Strategy and Investment Committee comprised four Directors, including two executive Directors and two non-executive Directors.

Chairman: He Chunlei (executive Director)

Members: Zhuang Qianzhi (executive Director), Wang Xiaoya (non-executive Director),  
Yang Changsong (non-executive Director)

- Notes:
1. Since 15 September 2022, Mr. Yuan Linjiang has ceased to serve as a member and the chairman of the Strategy and Investment Committee.
  2. Since 8 November 2022, Mr. Wen Ning has ceased to serve as a member of the Strategy and Investment Committee, and Mr. Yang Changsong has served as a member of the Strategy and Investment Committee.
  3. Since 7 December 2022, Mr. He Chunlei has served as the chairman of the Strategy and Investment Committee.

### Duties and Responsibilities

The Strategy and Investment Committee is primarily responsible for studying the mid- to long-term development strategies and significant investment decisions of the Company and making recommendations.

The primary duties include (but not limited to): (1) reviewing the Company's development strategies; (2) reviewing the Company's operation plans, annual financial budget and final accounts; (3) reviewing the goals of the Company's assets and liabilities management, asset allocation plans, and other investment asset management matters within the scope of authorisation by the Board; (4) reviewing the Company's major investment and fund raising plans, and matters such as investment, asset acquisition, asset disposal and write-off, external guarantee and external donation within the scope of mandates granted by the shareholders' general meeting (except for those performed by the senior management as authorised by the Board); (5) reviewing the basic systems of strategy management and asset management; (6) reviewing the establishment of our internal management departments and branches, and the establishment plan of legal person institution; and (7) other matters as authorised by the Board.

# CORPORATE GOVERNANCE REPORT

## Summary of the Work Undertaken

During the Reporting Period, the Strategy and Investment Committee held a total of five meetings and considered and approved 14 resolutions.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Yuan Linjiang	4/4	100	0/4	0
He Chunlei	3/5	60	2/5	40
Zhuang Qianzhi	5/5	100	0/5	0
Wen Ning	4/4	100	0/4	0
Wang Xiaoya	5/5	100	0/5	0
Yang Changsong	1/1	100	0/1	0

During the Reporting Period, the Strategy and Investment Committee thoroughly studied and discussed matters including the operation plans, budgets, report on the final accounts, profits distribution plan, three-year rolling capital plan of the Group, as well as the establishment of China Reinsurance Digital Technology Co., Ltd. (中再數字科技有限責任公司), proposed constructive suggestions, and played an important role in areas including the formulation and implementation of significant strategies of the Company.

## Audit Committee

### Composition

As at the end of the Reporting Period, the Audit Committee comprised five Directors, including three independent non-executive Directors and two non-executive Directors, with an independent non-executive Director serving as the chairman.

Chairman: Li Sanxi (independent non-executive Director)

Vice chairman: Li Bingquan (non-executive Director)

Members: Liu Xiaopeng (non-executive Director), Hao Yansu (independent non-executive Director), Jiang Bo (independent non-executive Director)

Note: Since 29 August 2022, Ms. Jiang Bo has ceased to serve as the vice chairlady of the Audit Committee, Mr. Wen Ning has ceased to serve as a member of the Audit Committee, and Mr. Li Bingquan has served as a member and the vice chairman of the Audit Committee.

# CORPORATE GOVERNANCE REPORT

## Duties and Responsibilities

The Audit Committee examines the basic internal audit system and monitors its implementation, monitors and evaluates the internal audit and internal control of the Company, and makes recommendations on the appointment or change of external auditors and monitors their work. The primary duties include (but not limited to): (1) examining the basic internal audit system of the Company and monitoring its implementation, and inspecting, monitoring and evaluating the internal audit of the Company; (2) monitoring the implementation of the internal control and management system of the Company, inspecting and evaluating the compliance and effectiveness of material operating activities of the Company; reviewing the Corporate Governance Report and Compliance Report of the Company on a regular basis, and providing opinions and recommendations for improvement to the Board; (3) examining the Company's financial information and its disclosure, examining the Company's key financial system and its implementation, monitoring the financial status; monitoring the truthfulness of financial reports and the effectiveness of financial reporting procedures implemented by the management; (4) making recommendations on the appointment, re-appointment, replacement or removal of external auditors, monitoring the independence and objectivity, audit process and works of external auditors, coordinating the communication between the internal audit department and external auditors, examining reports issued by external auditors, and ensuring external auditors' accountability to the Board and the Audit Committee; and (5) other matters as authorised by the Board.

## Summary of the Work Undertaken

During the Reporting Period, the Audit Committee held a total of nine meetings, considered and approved 13 resolutions, and received four reports.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Li Sanxi	9/9	100	0/9	0
Li Bingquan	2/2	100	0/2	0
Jiang Bo	9/9	100	0/9	0
Wen Ning	7/7	100	0/7	0
Liu Xiaopeng	9/9	100	0/9	0
Hao Yansu	9/9	100	0/9	0

During the Reporting Period, the Audit Committee carefully performed its duties, considered and studied matters including the appointment of domestic and overseas annual auditors, the annual and interim results announcements and reports, work plan of internal audit, as well as the compliance and internal control assessment report, and provided the Board and the management with opinions and advice relating to finance, internal control and compliance in a timely manner, which kept enhancing the corporate governance level of the Company.

# CORPORATE GOVERNANCE REPORT

## Nomination and Remuneration Committee

### Composition

As at the end of the Reporting Period, the Nomination and Remuneration Committee comprised five Directors, including three independent non-executive Directors and two non-executive Directors.

Chairman: Hao Yansu (independent non-executive Director)

Vice chairman: Yang Changsong (non-executive Director)

Members: Li Bingquan (non-executive Director), Li Sanxi (independent non-executive Director),  
Mok Kam Sheung (independent non-executive Director)

- Notes: 1. Since 10 January 2022, Mr. Li Bingquan has served as a member of the Nomination and Remuneration Committee.  
2. Since 8 November 2022, Mr. Wen Ning has ceased to serve as a member and the vice chairman of the Nomination and Remuneration Committee, and Mr. Yang Changsong has served as a member and the vice chairman of the Nomination and Remuneration Committee.

### Duties and Responsibilities

The Nomination and Remuneration Committee reports to the Board, reviews the human resources strategy and remuneration strategy of the Company, studies and makes recommendations to the Board on the selection procedures and criteria, candidates and remuneration packages for Directors and senior management.

The primary duties include (but not limited to): (1) making recommendations to the Board regarding the selection procedures and criteria for Directors and senior management and the structure and composition of the Board; (2) reviewing the qualifications of Directors and senior management in accordance with the selection procedures and criteria, and making recommendations to the Board; (3) regularly (at least annually) evaluating the reasonableness of the Company's (including but not limited to the Board's) structure, size and composition (including the skills, knowledge and experience), and making recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; (4) making preliminary reviews on the candidates of Directors and senior management (including the Board Secretary) of the Company, and making recommendations to the Board; (5) nominating candidates for members of specialised committees (excluding this Committee) of the Board; (6) proposing the remuneration policy and proposals of Directors, Supervisors and senior management, and making recommendations to the Board; (7) considering salaries paid by comparable companies, time commitment and responsibilities required and terms of employment elsewhere in the Group; (8) examining and approving compensation payable to executive Directors and senior management due to their loss or termination of office or appointment; (9) examining and approving compensation arrangements relating to dismissal or removal of Directors due to misconduct; (10) ensuring that no Directors or any of his/her associates are involved in deciding his/her own remuneration; (11) considering the evaluation plans and remuneration packages of senior management of the Company, evaluating their performance and work, and submitting to the Board for approval; (12) examining the primary remuneration system, the evaluation plans for the results of operation of the Company and major subsidiaries, and making recommendations to the Board; and (13) other matters authorised by the Board.

# CORPORATE GOVERNANCE REPORT

## Summary of the Work Undertaken

During the Reporting Period, the Nomination and Remuneration Committee held a total of eight meetings, considered and approved 11 resolutions, and discussed one item.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Hao Yansu	8/8	100	0/8	0
Yang Changsong	1/1	100	0/1	0
Wen Ning	7/7	100	0/7	0
Li Bingquan	8/8	100	0/8	0
Li Sanxi	8/8	100	0/8	0
Mok Kam Sheung	8/8	100	0/8	0

During the Reporting Period, the Nomination and Remuneration Committee discussed and studied matters including the budget for gross salaries of China Re Group, the remuneration and nomination for Directors, Supervisors and senior management and renewal of liability insurance for Directors, Supervisors and senior management, which further pushed forward the improvement of the incentive and disciplinary system of the Company and continued to improve the effectiveness of the incentive system.

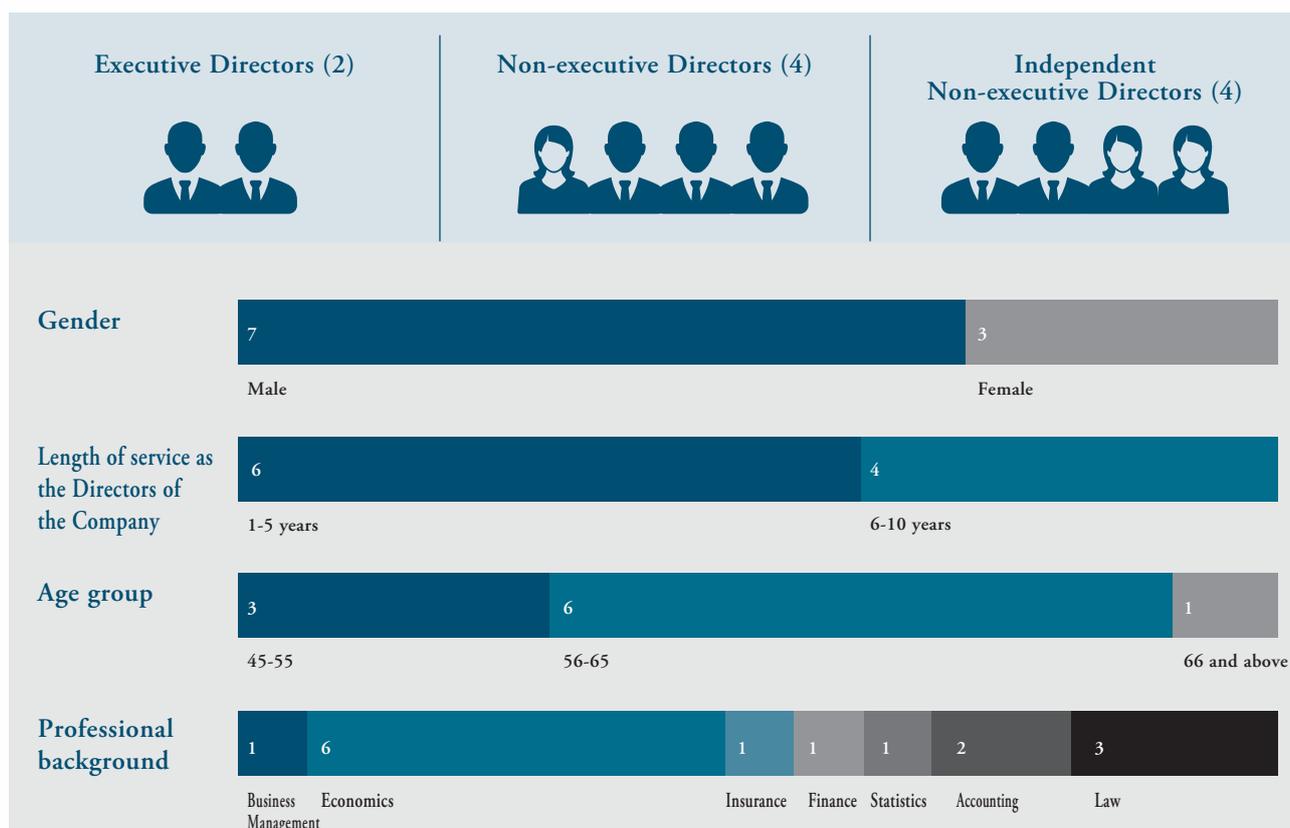
According to the provisions of laws and regulations, normative documents, regulatory requirements and the Articles of Association, election of Director candidates shall first go through preliminary review by the Nomination and Remuneration Committee who shall then make nomination to the Board, and the Board shall propose the candidates to the shareholders' general meeting of the Company for election by way of resolutions. Members of the Board shall finally be elected by the shareholders' general meeting of the Company. The Nomination and Remuneration Committee mainly considers the education background, professional experience of the candidates and their capability to contribute to the Company as the selection and recommendation criteria, taking into consideration the Board diversity policy.

Pursuant to the Corporate Governance Code, the Board continued to implement the Board diversity policy. The Company is committed to maintaining the highest level of corporate governance and the diversity of Board members is an essential component of maintaining good corporate governance. The Company does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factors.

# CORPORATE GOVERNANCE REPORT

The Board considers that the diversity in opinions and perspectives is beneficial to the Company and can be achieved through the consideration of factors in various aspects such as a diversity of skills, professional and industry experience, cultural and educational background, ethnicity, length of service, gender and age. Notwithstanding the above, the appointments of the members of the Board will always adhere to the principle of meritocracy, taking into account objective factors and considering the Company's business model and specific needs from time to time as well as the benefits of diversity to the Board. The members of the Board are from diverse educational and professional backgrounds and have extensive experience and expertise in the insurance and finance industry, risk management, financial state-owned assets regulation, financial auditing and legal fields. In addition, the Board comprises members of different genders. The Nomination and Remuneration Committee is of the opinion that the composition of the Board during the Reporting Period had been in compliance with the Board diversity policy and the requirements of the Hong Kong Listing Rules in relation to the diversity of the Board.

As the Board currently has three female members, the composition of the Board complies with the requirements of the Hong Kong Listing Rules in relation to gender diversity of Board members, and is in line with the Board diversity policy of the Company. The Company recognizes the importance and benefits of gender diversity in the composition of the Board. The Company's Board diversity policy can ensure that there will be potential successors on the Board to extend the existing gender diversity of the Board.



# CORPORATE GOVERNANCE REPORT

## Risk Management Committee

### Composition

As at the end of the Reporting Period, the Risk Management Committee comprised six Directors, including two executive Directors, two non-executive Directors and two independent non-executive Directors.

Chairlady: Jiang Bo (independent non-executive Director)

Vice chairlady: Wang Xiaoya (non-executive Director)

Members: He Chunlei (executive Director), Zhuang Qianzhi (executive Director),  
Liu Xiaopeng (non-executive Director), Hao Yansu (independent non-executive Director)

Notes: 1. Since 10 January 2022, Mr. Li Bingquan had served as a member of the Risk Management Committee.  
2. Since 29 August 2022, Mr. Li Bingquan has ceased to serve as a member of the Risk Management Committee, Ms. Wang Xiaoya has served as a member and the vice chairlady of the Risk Management Committee, and Mr. Hao Yansu has served as a member of the Risk Management Committee.

### Duties and Responsibilities

The Risk Management Committee is responsible for having a comprehensive understanding of various major risks and their management and supervising the effectiveness of the risk management system.

The primary duties include (but not limited to): (1) reviewing the Company's risk strategies and risk management procedures, and monitoring and evaluating their implementation and effectiveness; (2) reviewing the Company's risk management policies and internal control systems, and monitoring and evaluating their implementation and effectiveness; monitoring and evaluating the subsidiaries' risk management policies and internal control systems and their implementation and effectiveness. The reviewing matters of the committee include but not limited to: (i) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's overall ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and the internal control systems; (iii) the extent and frequency of communication of monitoring results to the Board (or the committees under the Board) which enables it to assess the overall control of the Company and the effectiveness of its risk management; and (iv) significant control failures or weaknesses that have been identified during the period as well as the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's overall financial performance or condition; (3) reviewing, monitoring and evaluating the organisational structure, department-setting and duties, working procedures and effectiveness of risk management, and making recommendations as to improving the Company's risk management and control; (4) considering the overall objectives, risk appetite, risk tolerance and risk management policies in respect of the solvency risk management of the Company; (5) addressing major differences or issues regarding risk management system operation or risk management matters; (6) monitoring and evaluating the senior management's efforts on risk control in respect of market and operation; (7) monitoring the effectiveness of the Company's risk management system (including but not limited to ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget in respect of the Company's accounting, internal audit and financial reporting); (8) comprehensively understanding various major risks the Company faces and their management, reviewing risk assessment report on a regular basis, considering the risk assessment in respect of material decision-making and the solutions for major risks, assessing the Company's overall risk profile and risk management on a regular basis, and ensuring the Company's disclosure in a statement about how it complies with the code provisions for risk management and internal control in its corporate governance report during the reporting period in accordance with the requirements of the Hong Kong Listing Rules; and (9) other matters as authorised by the Board.

# CORPORATE GOVERNANCE REPORT

## Summary of the Work Undertaken

During the Reporting Period, the Risk Management Committee held a total of four meetings, considered and approved 13 resolutions, and received one report.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Jiang Bo	4/4	100	0/4	0
Wang Xiaoya	0/0	–	0/0	–
He Chunlei	3/4	75	1/4	25
Zhuang Qianzhi	4/4	100	0/4	0
Liu Xiaopeng	4/4	100	0/4	0
Li Bingquan	4/4	100	0/4	0
Hao Yansu	0/0	–	0/0	–

During the Reporting Period, the Risk Management Committee studied the risk appetite, the interim and annual reports for risk oriented solvency, the internal control assessment report, the risk assessment report, the comprehensive risk management measures, the consolidated management and other matters of the Group, which facilitated the improvement of the Group's risk management system and continuously improved the Group's risk management capabilities.

## Related-Party Transactions Control Committee

### Composition

As at the end of the Reporting Period, the Related-Party Transactions Control Committee comprised five Directors, including one non-executive Director and four independent non-executive Directors.

Chairman: Hao Yansu (independent non-executive Director)

Vice Chairman: Liu Xiaopeng (non-executive Director)

Members: Li Sanxi (independent non-executive Director), Mok Kam Sheung (independent non-executive Director), Jiang Bo (independent non-executive Director)

# CORPORATE GOVERNANCE REPORT

## Duties and Responsibilities

The primary duties of the Related-Party Transactions Control Committee include: (1) identifying the related parties of the Company, and the updates and maintenance of the informative archives of related parties which shall be updated at least once every half year; (2) performing a preliminary review of significant related-party transactions that shall be approved by the shareholders' general meeting and the Board, and expressing written opinions on the compliance, fairness, necessity of significant related-party transactions and whether they are harmful to the interests of the Company and insurance consumers; (3) accepting filings of general related-party transactions; (4) considering and submitting a special report on the Company's overall related-party transactions for the year to the Board; (5) coordinating and managing the information disclosure work for related-party transactions; and (6) other matters as authorised by the Board.

## Summary of the Work Undertaken

During the Reporting Period, the Related-Party Transactions Control Committee held a total of six meetings, and considered and approved eight resolutions.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Hao Yansu	6/6	100	0/6	0
Liu Xiaopeng	6/6	100	0/6	0
Li Sanxi	6/6	100	0/6	0
Mok Kam Sheung	6/6	100	0/6	0
Jiang Bo	6/6	100	0/6	0

During the Reporting Period, the Related-Party Transactions Control Committee considered significant related-party transactions, the report on the overall related-party transactions and the report on the evaluation of internal transactions of the Company, and updated the list of related parties and other matters, which ensured that the related-party transactions of the Group were in compliance with laws and regulations.

# CORPORATE GOVERNANCE REPORT

## **Risk Management and Internal Control**

The Company believes that good risk management and internal control play important roles in the operation of the Company. The Board is ultimately responsible for the risk management, internal control and compliance management of the Company and is committed to the establishment and constant improvement of effective risk management and internal control systems.

## **Main Features of Risk Management and Internal Control System**

The Board is responsible for guidance over the establishment of the overall risk management and internal control management system of the Company, conducting regular research and assessment on the soundness, reasonableness and effectiveness of risk management and internal control, considering and approving the organisational structure of risk management and internal control, and basic management systems of the Company, as well as considering and approving the annual risk assessment report and internal control assessment report of the Company.

The Risk Management Committee is established under the Board to assist the Board in reviewing, monitoring and assessing material risk management matters of the Company such as risk strategies and risk management procedures, risk management policies and internal control system, risk management organisation methods and risk control performances. The Audit Committee is established under the Board to monitor the implementation of the Company's internal control and management system, and examine and assess the compliance and effectiveness of significant operational activities of the Company. The functional departments, including business, finance and investment departments of the Company are primarily responsible for the risk management and internal control system. The specialised departments, such as risk management and internal control and compliance departments, are responsible for the coordinated planning, organisation and implementation of risk management, internal control and compliance before and during the process. Risk assessment and internal control and compliance assessment work were carried out by the specialised departments on an annual basis. The internal audit department is responsible for monitoring and auditing the performance in risk management and internal control and compliance.

# CORPORATE GOVERNANCE REPORT

## Technologies and Implementation of Risk Management

During the Reporting Period, the Company implemented the following measures to identify, evaluate and manage material risks: (1) The Company operated and managed risk appetite system. The Company's risk appetite system comprises risk appetite, risk tolerance and risk limits, which has been closely integrated with the business plan to play a role in guidance and constraints to business operations. Through the implementation of risk control plans and related indicators monitoring, reporting and dynamic management processes, the continuous functioning of risk appetite is assured. (2) The Company continued deepening the construction of the "C-ROSS" system. Since the official implementation of the "C-ROSS" system, the Company has carried out a number of works to deepen the construction of C-ROSS, including but not limited to the followings: (i) solvency was regularly analysed and specific management measures were accordingly adopted, and the impact of major business activities over its solvency was assessed before conducting such business activities to ensure adequate solvency; (ii) the Company improved its risk management capability through promoting the sound establishment and effective implementation of the Company's various risk management policies, while establishing and optimising the risk management information system to protect the Company's business development; (iii) the Company promoted the implementation of rules for the "C-ROSS" Phase II in an orderly manner to ensure solid implementation of the new rules. (3) The Company regularly identified, monitored and analyzed all types of major risks. The Company used various risk indicators, economic scenario generator, catastrophe models, and economic capital models together with stress testing and scenario analysis and other tools, and adopted a method of combination of qualitative and quantitative to analyse risk profile, monitor and assess risks, and prepare reports and analysis for major risk events. The Company also managed the retained risks through risk control plan. When risk exposure broke through relevant requirements, internal procedures were triggered, and the Company managed risks beyond its risk tolerance through retrocession or reinsurance arrangement, etc. (4) The Company maintained its rating management system. The Company received ratings from S&P Global Ratings and A.M. Best, and applied rating methods and models in its daily operation and management. The Company sought to meet the requirements of such ratings while improving its operation management and risk management. Before conducting major business activities, the Company also fully assessed the impact of such activities over its ratings, so as to prevent and mitigate significant potential risks timely.

# CORPORATE GOVERNANCE REPORT

## **Establishment and Sound Operation of Internal Control System**

During the Reporting Period, the Company implemented the following measures to continuously enhance internal management effectiveness: (1) The Company carried out internal control management activities in accordance with systems such as the management rules for internal control and through using internal control matrix, internal control management information system and other tools to perform routine follow-up evaluation in respect of major regulatory requirements, changes in internal policies as well as major decisions in operation or management to dynamically identify the changes of risk factors in internal control, and took responding measures in a timely manner. (2) The Company carried out internal control evaluation on a regular basis and arranged subsidiaries to carry out self-examination of internal control and compliance on key areas. For internal control weak areas identified, the Company facilitated timely rectification. (3) The Company dynamically adjusted and optimised the authorisation system, improved the important authorisation documents, and clearly identified the approval authority and decision-making process on all levels. (4) The Company continuously strengthened the establishment of rules and regulations to further administer the systematic management of rules and regulations of the Group, and to enhance the scientific basis and implementation of rules and regulations. (5) The Company improved the assessment system for its subsidiaries' internal control and compliance, and further strengthened the management of internal control and compliance. (6) The Company promoted the philosophy and knowledge of internal control through various methods such as internal and external trainings, advocacy of rules and daily face-to-face communication which enhanced the awareness of internal control among the employees. (7) The Company organised financial personnel, internal control management personnel and internal audit personnel to receive relevant professional trainings and provided sufficient training budget, so as to continuously improve the professional skills and comprehensive capability of these personnel.

## **Procedures for Handling and Disclosing Inside Information and Internal Control Measures**

The procedures and internal control measures for the identifying, handling, and disclosing inside information by the Company include: (1) formulating and implementing relevant supporting systems, including the Provisional Measures Governing Information Disclosure of China Reinsurance (Group) Corporation, by the Board of the Company, and gradually establishing comprehensive process of reporting, identifying, and disclosing inside information to ensure that the disclosure of inside information is on a timely basis and in compliance, (2) by means of training and advocating, fully informing relevant staffs, including members of the Board, the Board of Supervisors, and the management, of the obligations on information disclosure as stipulated under the Hong Kong Securities and Futures Commission's Guidelines on Disclosure of Inside Information and the Hong Kong Listing Rules, and (3) disclosing data to specific personnel on a "need-to-know" basis, putting emphasis on the prohibition of unauthorised use of confidential or inside information, and conducting the confidential work preceding the disclosure of insider information if necessary.

# CORPORATE GOVERNANCE REPORT

## **Evaluation of Effectiveness of Risk Management and Internal Control System**

In accordance with the Basic Standard for Enterprise Internal Control (Cai Kuai [2008] No. 7) and its related guidelines, Basic Rules for the Internal Control of Insurance Companies (Bao Jian Fa [2010] No. 69) and the requirements of the Hong Kong Listing Rules, in light of the actual situations of the Company's internal control system, the Company carried out three assessments on its risk management and internal control for 2022, and reviewed the design and operational effectiveness of the risk management and internal control systems of the Company and its subsidiaries covering all important aspects including financial control, operational control and compliance control. The Company focused on major business matters, high-risk areas and the Company's capabilities in response to changes of internal and external environments through comprehensive use of individual interviews, walk-through tests, material reviews and special seminars, etc.

The Board and the management have confirmed that control systems are sufficient and effective. Due to the limitations of the internal control and the technical means for internal control assessment, there might still be risks and deficiencies. The risk management framework of the Company does not seek to eliminate all risks but rather to identify, understand and manage them within acceptable limits, in order to support the sustainability of the business and creation of long-term value, and can only provide reasonable and not absolute assurance against material misrepresentation or loss. The Company will continue to optimise its internal control system and strive to assure legal compliance of operation, asset security as well as authenticity and completeness of the financial reports and related information to ensure the fulfilment of its strategic objectives.

# CORPORATE GOVERNANCE REPORT

## BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors adhered to the requirements of the PRC Company Law and the Articles of Association, earnestly performed its duties of supervision, enhanced the focus on significant events of the Company such as implementation of strategies and the supervision over the performance of the respective duties by the Directors and senior management, carried out relevant financial business supervision and inspection and made proposals with respect to the proactive and solid implementation of the “Fourteenth Five-Year” strategic planning and the upholding of risk prevention bottom line to the management in order to effectively protect the interests of the Company, shareholders and employees.

### Composition

During the Reporting Period, the Board of Supervisors comprised five members, including:

Supervisors: Zhu Hailin (Chairman), Zhu Yong (shareholder representative Supervisor), Zeng Cheng (shareholder representative Supervisor), Qin Yueguang (employee representative Supervisor), Li Jingye (employee representative Supervisor)

- Notes: 1. Since April 2022, Ms. Xiong Lianhua has ceased to serve as a Supervisor, the chairlady of the Board of Supervisors, and the chairlady of the Performance Supervision and Inspection Committee of the Board of Supervisors.
2. Since December 2022, Mr. Zhu Hailin has served as a Supervisor, the chairman of the Board of Supervisors, and the chairman of the Performance Supervision and Inspection Committee of the Board of Supervisors.

Employee representative Supervisors are elected through elections at staff representative assembly, and non-employee representative Supervisors are elected through elections at the shareholders' general meetings. The term of office of Supervisors is three years and Supervisors may serve consecutive terms if re-elected.

# CORPORATE GOVERNANCE REPORT

## Duties and Responsibilities

The Board of Supervisors shall be responsible to the shareholders' general meeting, supervise the Company's financial position and compliance, as well as supervise performance of duties and responsibilities by the Directors and senior management and other relevant circumstances.

The primary duties of the Board of Supervisors include (but not limited to): (1) reporting its work to the shareholders' general meeting; (2) monitoring and examining the Company's financials; (3) supervising the conduct of the Directors and senior management in their performance of duties and proposing the removal of Directors and senior management who have contravened any of the PRC laws, administrative regulations, regulatory requirements, the Articles of Association or resolutions of the shareholders' general meeting; (4) demanding rectification from Directors or any senior management when the acts of such persons are harmful to the Company's interest; (5) proposing to convene an extraordinary general meeting and convening and presiding over the shareholders' general meeting when the Board fails to perform its duty of convening and presiding over the shareholders' general meeting; (6) proposing resolutions at the shareholders' general meeting; (7) representing the Company in negotiations with a Director and bringing an action against a Director or senior management pursuant to the PRC Company Law and the Articles of Association; (8) formulating the rules of procedure of the Board of Supervisors and the working rules of specialised committees under the Board of Supervisors; (9) reviewing financial information such as the financial reports, operation reports and profit distribution plans to be submitted by the Board to the shareholders' general meeting; if there is any doubt, engaging certified public accountants and practicing auditors in the name of the Company to review such financial information; (10) nominating independent Directors; and (11) exercising other duties specified under the PRC laws, administrative regulations, regulatory requirements or the requirements of Articles of Association and authorised by shareholders' general meetings.

# CORPORATE GOVERNANCE REPORT

## Summary of the Work Undertaken

During the Reporting Period, the Board of Supervisors held six meetings in total, considered and studied 19 resolutions and received 22 reports; the Performance Supervision and Inspection Committee under the Board of Supervisors held three meetings; the Financial Supervision and Inspection Committee held one meeting.

Attendance records of the meetings of the Board of Supervisors are as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
Xiong Lianhua	2/3	66.7	1/3	33.3
Zhu Hailin	0/0	–	0/0	–
Zhu Yong	6/6	100	0/6	0
Zeng Cheng	6/6	100	0/6	0
Qin Yueguang	6/6	100	0/6	0
Li Jingye	6/6	100	0/6	0

Please refer to the section “Report of the Board of Supervisors” in this annual report for the work of the Board of Supervisors for the year 2022.

## DUTIES AND RESPONSIBILITIES OF THE SENIOR MANAGEMENT

According to the Articles of Association, senior management refers to the Company’s President, Vice President, Chief Financial Officer, Board Secretary and other management staff confirmed by the Board. Senior management is responsible for the Company’s operation and management, organisation and implementation of the Board resolutions, implementation of the operation and investment plan approved by the Board, preparation of plans for the establishment of the internal management structure and basic management system as well as formulation of special rules and regulations. The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to entering into any significant transactions by the management. During the Reporting Period, based on the development strategies of the Company, the senior management actively conducted various operation and management work and effectively implemented the operation plan and financial budget approved by the Board, leading to stable and healthy development of all business segments.

# CORPORATE GOVERNANCE REPORT

## JOINT COMPANY SECRETARIES

Ms. Zhu Xiaoyun, as a joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board's policy and procedures, and the applicable laws, rules and regulations are followed. In order to uphold good corporate governance and ensure compliance with the Hong Kong Listing Rules and applicable Hong Kong laws, during the Reporting Period, the Company also engaged Ms. Ng Sau Mei, the director of the Listing Services of TMF Hong Kong Limited, as a joint company secretary of the Company to assist Ms. Zhu Xiaoyun to perform her duties as a joint company secretary of the Company. The primary contact person of Ms. Ng Sau Mei in the Company is Ms. Zhu Xiaoyun.

During the Reporting Period, Ms. Zhu Xiaoyun and Ms. Ng Sau Mei had undertaken no less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Hong Kong Listing Rules.

## AUDITORS' FEES

During the Reporting Period, the Company appointed PricewaterhouseCoopers ZhongTian LLP, PricewaterhouseCoopers and their organisational members to provide audit and non-audit services. The Group shall pay RMB10.98 million as the service fee for audit and review of financial statements, and the Company shall pay RMB4.78 million as the auditor's service fee for the business plans for the external actuarial review project of non-life insurance business reserve evaluation results, the third phase system implementation of the new insurance contracts standard and the second phase project of the new insurance contracts standard of China Re Group and the implementation of DSP Project, among which, the amount of RMB0.88 million was agreed in the "Engagement Letter for the External Actuarial Review Project of Non-Life Insurance Business Reserve Evaluation Results of China Re Group for 2021" entered into with PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd., Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司); the amount of RMB3.18 million was agreed in the "Third Phase System Implementation of The New Insurance Contracts Standard of China Re Group" and the amount of RMB0.72 million was agreed in "Supplemental Agreement on the Business Plan of the Second Phase Project of the New Insurance Contracts Standard of China Re Group and the Implementation of DSP Project" entered into with PricewaterhouseCoopers Consulting (Shanghai) Co., Ltd., Beijing Branch (普華永道諮詢(上海)有限公司北京分公司).

# CORPORATE GOVERNANCE REPORT

## ARTICLES OF ASSOCIATION

During the Reporting Period, there is no amendment to the Articles of Association made by the Company.

## DIVIDEND POLICY

On 21 July 2016, the Board of the Company considered and approved the Resolution on the Dividend Policy of China Reinsurance (Group) Corporation, agreeing that the Company will formulate the profit distribution plan of the Company in accordance with the statutory and regulatory requirements for insurance companies in the PRC imposed by regulatory authorities (including the statutory solvency requirements of the insurance regulatory authority in the PRC and statutory and regulatory restrictions on payment of dividends of the Company), interests and desires of the shareholders of the Company, the financial position (including operating results and cash flows) of the Group, the business development needs and plans of the Group for future development and other factors that the Company deems relevant. In consideration of the above factors and subject to the laws, regulations and regulatory requirements in effect at that time, the Company shall distribute dividends once a year and the profits distributed in form of cash shall be no less than 30% of the consolidated net profit attributable to the equity shareholders of the Company realised for the year. For details of the dividend policy of the Company, please refer to the Company's announcement dated 21 July 2016.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investors' understanding of the Company's business and corporate governance. The Company has formulated the Interim Measures for Investor Relations Management to set out the Company's shareholders communication policy to ensure fair, timely, accurate and effective communication with shareholders.

Information shall be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meetings and other shareholders' general meetings, as well as disclosure on the Company's website. Interim reports, annual reports and circulars are sent to shareholders in a timely manner and are available on the websites of the Company ([www.chinare.com.cn](http://www.chinare.com.cn)) and the Hong Kong Stock Exchange. Directors (or their representatives) shall make an effort to attend annual general meetings to meet shareholders and answer their enquiries.

# CORPORATE GOVERNANCE REPORT

The Company provides shareholders with the contact details of the Company, such as the hotline, email address and postal address, which are listed in the “Investor Relations” section of the Company’s website, so as to enable shareholders to make any enquiries about the Company. In addition, registered shareholders can contact Computershare Hong Kong Investor Services Limited, the Company’s H share registrar if they have any enquiries about their shares and dividends.

The Company has designated the Office of the Board as the investor relations department to actively and efficiently provide investors with services through various channels and forms such as results communication meetings, capital market open days and investor surveys, so as to improve communication effectiveness, promote value recognition and deepen the understanding of the capital market on the Company.

The Company shall maintain an on-going dialogue with shareholders and investors and shall review the shareholders communication policy on a regular basis to ensure its effectiveness in implementation. Having reviewed the different communication channels with the shareholders, the Board considers that the above-mentioned shareholder communication policy has been properly implemented and is effective during the year.

## COMPLIANCE WITH SANCTIONS RELATED UNDERTAKINGS

We undertook to the Hong Kong Stock Exchange that we would not use the proceeds from the global offering, as well as any other funds raised through the Hong Kong Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any sanctions targets. In addition, we have no present intention to undertake any future business that would cause the Group, the Hong Kong Stock Exchange, Hong Kong Securities Clearing Company Limited, HKSCC Nominees Limited or the shareholders to violate or become a target of sanctions laws of the PRC, the United States, the European Union, the United Nations or Hong Kong. If we believe that the transactions the Group enters into in the sanctioned countries would expose the Group or shareholders and investors to risks of being sanctioned, the Company will publish such announcements as appropriate and in accordance with the Hong Kong Listing Rules and the SFO (the “Sanctions Related Undertakings”). During the Reporting Period, we were in strict compliance with its sanctions risk management policy to prohibit the conducting of any business that may cause the Group and relevant stakeholders to be subject to sanctions, and arranged trainings on the sanctions risk management. The Directors have confirmed that we have complied with the Sanctions Related Undertakings and will continue to do so in future daily operation. In the view that the sanction policies may keep adjusting, we will adjust the scale of business in due course subject to the sanction laws in the PRC, the United States, the European Union, the United Nations or Hong Kong and the sanction risks of the Group and the stakeholders in order to achieve better returns for the shareholders and investors.

# REPORT OF THE BOARD OF DIRECTORS

The Board presents its Report of the Board of Directors of the Company for the year ended 31 December 2022, together with the audited financial statements of the Group for the year ended 31 December 2022.

## BUSINESS REVIEW

### Principal Business

We are currently the only domestic reinsurance group in the PRC and mainly conduct P&C reinsurance, life and health reinsurance, primary P&C insurance and asset management businesses through our subsidiaries.

### Business Review and Analysis of Key Financial Indicators

Please refer to the section headed “Management Discussion and Analysis” in this annual report.

### Environmental Policies and Performance of the Company

China Re Group respects and values the legitimate interests of all employees, and strives to create a workplace with equity for employees. We advocate the concept of going green and environmental protection and attach great importance to enhancing employees’ awareness of energy-saving and environmental protection, and are committed to providing our employees with a safe and comfortable working environment. The Group accelerates the transformation to low-carbon operation by implementing “Digital China Re” Strategy and provides quantitative tools for climate risk and environment risk with the help of catastrophe models and catastrophe risk management technology. We have also made significant progress in aspects of business development promoted by new technologies such as cloud computing, blockchain, artificial intelligence, big data and green office as well as enhancement of client information security. We stick to the principles of openness, fairness, justness, honesty and effective procurement, and prefer to purchase energy-saving and environmentally-friendly products. In responding to climate changes, the consumption of water, electricity, coal, gas and other energy is reduced by strengthening the management of energy saving and consumption reduction in office areas. The Group encourages the use of videoconferences and teleconferences and the reduction of the usage of company vehicles and business trips in order to lower carbon emission and energy consumption arising from business travel. In addition, the Group has established a sound safety management system and organised safety supervision, inspection, promotion and training activities to enhance employees’ awareness of safety. We prohibit smoking at all workplaces and emphasise waste sorting and disposal to create a healthy and safe working environment. Please refer to the publication by the Company on the websites of the Hong Kong Stock Exchange and the Company for the 2022 Corporate Social Responsibility Report prepared in accordance with the requirements of Appendix 27 of the Hong Kong Listing Rules.

# REPORT OF THE BOARD OF DIRECTORS

## Compliance with Relevant Laws and Regulations

As a joint-stock limited company incorporated in the PRC whose H shares are listed on the Main Board of the Hong Kong Stock Exchange, the Company is subject to the regulation of the PRC Company Law, the PRC Insurance Law, as well as the Hong Kong Listing Rules, the SFO and other relevant domestic and overseas laws and regulations.

The Company is subject to the following main regulatory requirements:

The insurance regulatory authority and other government departments in the PRC may conduct on-site or off-site inspections or investigations on compliance with the PRC laws and regulations in respect of our state-owned asset management, financial condition and business operation, solvency margin, tax payment, foreign exchange management, and labour and social welfare from time to time.

Under the Measures for the Supervision and Administration of Insurance Group Companies (《保險集團公司監督管理辦法》) and the Administrative Regulations for Insurance Companies (《保險公司管理規定》), the insurance regulatory authority in China conducts both on-site and off-site inspections on insurance institutions for supervision and management. The on-site inspections on insurance institutions by the insurance regulatory authority in China may focus on the corporate management level, administrative examination and approval, filing and reporting, reserves, solvency margin, use of funds, business operations and financial condition, transactions with insurance intermediaries, information system construction, appointments of directors, supervisors and senior management and other matters which the insurance regulatory authority in China considers material.

Meanwhile, as a company listed on the Main Board of the Hong Kong Stock Exchange, the Company is therefore subject to the Hong Kong Listing Rules and shall comply with relevant rules under the SFO, including but not limited to the following obligations: maintaining a register of interests and short positions in shares and a register of interests and short positions in shares held by Directors, Supervisors and chief executive, disclosing inside information, etc.

The Group has implemented internal controls to ensure compliance with such laws and regulations. As of the end of the Reporting Period, as far as we were aware, there was no legal and/or regulatory procedure or dispute which, in the opinion of the Directors, may have a material adverse effect on our business, financial condition, and operating results or prospects.

# REPORT OF THE BOARD OF DIRECTORS

## Principal Risks and Uncertainties

Our business involves P&C reinsurance, life and health reinsurance, primary P&C insurance and asset management businesses, etc. Although we have good risk management and control capabilities and all along uphold the concept of sustainable and stable operation, there are still a number of risks and uncertainties involved in our business that are beyond our control. We believe the principal risks we may face in future include: insurance risk, market risk, credit risk, operational risk, strategic risk, reputation risk and liquidity risk. The future uncertainties include:

1. As the global economic outlook faces challenges with a complicated international environment, the uncertainties in underwriting and investment businesses have increased;
2. The frequent occurrence of domestic and overseas catastrophic events in recent years have increased the uncertainty of business operation.

## Non-adjusting Post Balance Sheet Date Events

Details are set out in Note 59 to the financial statements.

## Future Business Development of the Group

The strategic objectives of the Group during the “Fourteenth Five-Year” period are seeking progress while maintaining stability, enhancing value, promoting high-quality development of China Re Group, and building a world-class comprehensive reinsurance group with sustainable development capabilities and core competitiveness in an all-round manner. Details as follows: One core, being adherence to reinsurance business as the core; four pivots: product innovation, platform-driven, technology empowerment, and global linkage; five upgrades: value, data, ecosystem, talent, and culture. The Group strives to provide its shareholders with long-term and competitive return.

# REPORT OF THE BOARD OF DIRECTORS

## RESULTS AND PROFIT DISTRIBUTION

The Group's profit for the year ended 31 December 2022 and the financial performance of the Group as at that date are set out on pages 146 to 299 in this annual report.

### Final Dividend

The Board recommends the payment of a final dividend for the year ended 31 December 2022 of RMB0.014 per share (tax inclusive), totalling approximately RMB595 million (the "2022 Final Dividend"). The 2022 Final Dividend is subject to the approval of shareholders of the Company at the 2022 annual general meeting, and is expected to be paid to the shareholders on Tuesday, 22 August 2023 whose names appear on the register of members of the Company as at Thursday, 6 July 2023 and will be denominated and declared in Renminbi, while the dividend for H shares will be paid in Hong Kong dollars, which shall be calculated at the average central parity rate of Hong Kong dollars against Renminbi in the interbank foreign exchange market for the last five business days up to and including the date of the 2022 annual general meeting published by China Foreign Exchange Trade System as authorised by the PBOC.

The above profit distribution scheme will not result in a lower indicator of the Company's relevant solvency adequacy ratio than the regulatory requirements.

### Withholding and Payment of Income Tax on the Dividends Paid to Shareholders

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the 2022 Final Dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between mainland China and Hong Kong (Macau). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on the dividends for the individual holders of H shares:

- For individual holders of H shares who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend.
- For individual holders of H shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend.

# REPORT OF THE BOARD OF DIRECTORS

- For individual holders of H shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of the dividend.
- For individual holders of H shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual holders of H shares in the distribution of the dividend.

If individual holders of H shares consider that the tax rate adopted by the Company for the withholding and payment of individual income tax on their behalf is not the same as the tax rate stipulated in any tax treaties between the PRC and the countries (regions) in which they are domiciled, please submit to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, a letter of entrustment and all application and relevant proving materials showing that they are residents of a country (region) which has entered into a tax treaty with the PRC. The Company will then submit the above documents to competent tax authorities which will proceed with the subsequent tax related treatments. If individual holders of H shares do not provide the Company with the relevant proving materials, they could go through the relevant procedures on their own or by attorney in accordance with the relevant provisions stipulated in the tax treaties. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

For non-resident enterprise holders of H shares, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning the Withholding and Payment of the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (國家稅務總局《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897 號)).

# REPORT OF THE BOARD OF DIRECTORS

The cash dividends for the investors of H shares of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the H share companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as individual investors. The H share companies will not withhold and pay the income tax of dividends received by domestic enterprise investors from investing in H share companies through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and those domestic enterprise investors shall declare and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other time arrangements for the investors of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be the same as those for the holders of H shares.

Should the holders of H shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for the relevant tax impact in mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares.

# REPORT OF THE BOARD OF DIRECTORS

## SHARE CAPITAL

During the Reporting Period, there was no change in the total share capital of the Company. At the end of the Reporting Period, the total share capital of the Company was 42,479,808,085 shares. Details are as follows:

No.	Name of shareholder	Class of shares	Number of shares	Percentage of total share capital (%)
1	Central Huijin Investment Ltd.	Domestic shares	30,397,852,350	71.56
2	HKSCC Nominees Limited	H shares	6,665,926,530	15.69
3	Ministry of Finance of the PRC	Domestic shares	4,862,285,131	11.45
4	National Council for Social Security Fund	Domestic shares	540,253,904	1.27
5	Other H shareholders	H shares	13,490,170	0.03
Total			42,479,808,085	100

Note: The information disclosed above was the information shown on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The shares of the Company held by HKSCC Nominees Limited are on behalf of its clients and do not include the shares held by other H shareholders.

## PUBLIC FLOAT

The Company applied for and has been granted by the Hong Kong Stock Exchange a waiver at the time of listing regarding the lower percentage of public float. Based on the information that was publicly available to the Company as at the Latest Practicable Date and within the knowledge of the Directors, from the Listing Date to the Latest Practicable Date, the Company's public float was 15.72%, maintaining a sufficient public float as approved by the Hong Kong Stock Exchange and required under the Hong Kong Listing Rules. For details of the above waiver, please refer to the section headed "Waivers from Compliance with the Listing Rules – Public Float" in the Prospectus.

# REPORT OF THE BOARD OF DIRECTORS

## DISTRIBUTABLE RESERVES

As of the end of the Reporting Period, the retained profit of the Company available for distribution to its shareholders was RMB5,456 million. Details are set out in Note 58 to the financial statements.

## BUILDINGS, EQUIPMENT AND INVESTMENT PROPERTIES

During the Reporting Period, changes in the buildings, equipment and investment properties of the Group are set out in Note 33 and Note 32 to the financial statements, respectively.

On 15 December 2018, China Continent Insurance acquired a property. For details, please refer to the section headed “Management Discussion and Analysis”.

Save as disclosed above, as at the end of the Reporting Period, the Group did not own any other properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) exceed 5%.

## RETIREMENT BENEFITS

The Group provides retirement benefits to employees, including enterprise annuity and defined benefit retirement plan. In 2022, the enterprise annuity contribution amounted to approximately RMB57.99 million (not including Chaucer) and its defined benefit retirement plan contribution was approximately RMB5.45 million (not including Chaucer). Total annual enterprise annuity contribution shall be provided at a certain percentage of the total annual employee salaries, and defined benefit retirement plan contribution will be paid from the accrued defined benefit retirement liabilities of the Group. Provided that employees are dismissed or break laws or regulations, unvested enterprise annuity contributions will be transferred back to the Company’s enterprise annuity. The amount of forfeited contributions used to reduce the existing level of contributions is not material. During the Reporting Period, the Group (excluding its overseas subsidiaries) has appointed Beijing Branch of Towers Watson Management Consulting (Shenzhen) Co., Ltd., a member of the China Association of Actuaries, as its domestic actuarial organization, the undersigned actuary is Wu Haichuan, a fellow member of the Society of Actuaries and a fellow member of the China Association of Actuaries; Chaucer has appointed Barnett Waddingham LLP as its actuarial organization, the undersigned actuary is Paul Houghton, an FIA. No plan assets have been created under the defined benefit plan by the Group (excluding its overseas subsidiaries). Therefore, there is no relevant information on the market value, level of funding, or material surplus or deficiency of the plan assets available for disclosure. According to the actuarial valuation report, the fair value of the assets under Chaucer defined benefit plan as at 31 December 2022 is RMB558,431 thousand (as at 31 December 2021: RMB1,037,634 thousand). The fair value of those assets accounts for 96.04% of the benefits provided to eligible employees. Details are set out in Note 3(2)(f) and Note 46 to the financial statements.

# REPORT OF THE BOARD OF DIRECTORS

## REMUNERATION OF SENIOR MANAGEMENT<sup>1</sup>

During the Reporting Period, details of the remuneration of Directors and Supervisors are set out in Note 14 to the financial statements. The range of remuneration of non-director senior management in the Group is set out as follows:

<u>Range of remuneration</u>	<u>Number of individuals</u>
RMB0-RMB500,000	0
RMB500,001-RMB1,000,000	1
RMB1,000,001-RMB1,500,000	0
RMB1,500,001-RMB2,000,000	1
RMB2,000,001-RMB2,500,000	1
RMB2,500,001-RMB3,000,000	0
RMB3,000,001-RMB3,500,000	1
RMB3,500,001-RMB4,000,000	0

Note: 1. The remuneration standards for the Chairman, executive Directors, Chairman of the Board of Supervisors and senior management of the Company are determined in accordance with the relevant requirements of the Ministry of Finance and the Group Company. As of the Latest Practicable Date, the remuneration standards for the above personnel for 2022 had not been finally determined, and such remuneration data were estimated figures. The remuneration of senior management is determined based on their actual term of office.

## HIGHEST PAID INDIVIDUALS

Details of the remuneration of the five highest-paid individuals of the Group during the Reporting Period are set out in Note 15 to the financial statements. The amount of remuneration of the five highest paid individuals for 2022 is on a pre-tax basis. The five individuals are all employees of an overseas insurance agency Chaucer, which was acquired by the Group in 2018. Their remunerations have been determined in accordance with local market practices and governed by related internal systems.

# REPORT OF THE BOARD OF DIRECTORS

## MAJOR CLIENTS

The information on the proportion from major clients of the insurance business of the Group during the Reporting Period is set out below:

	<b>Percentage of insurance income of the Group (%)</b>
Largest insurance client	5.04
Top five insurance clients in total	20.83

Since the top five clients of the Group are financial and insurance institutions, shareholders of the Company, namely the Ministry of Finance and Central Huijin, hold interests in certain institutions. None of the Directors, their close associates or any other shareholder who, as far as the Directors are aware, holds 5% or more share capital of the Company has any interest in any of the above clients.

## RELATIONSHIP WITH CLIENTS

The Group is of the view that the benign relationship with clients is very important. During the Reporting Period, there was no material dispute between the Group and clients.

## RELATIONSHIP WITH EMPLOYEES

The Group has built a comprehensive training system as well as a scientific and reasonable remuneration incentive system. The Group has set up multiple channels for employees to develop themselves, attaches great importance to physical and mental health of employees and harmony of their families, so as to improve their happiness index.

## MAJOR SUBSIDIARIES

As at the end of the Reporting Period, the Company directly controlled eight major subsidiaries, namely China Re P&C, China Re Life, China Continent Insurance, China Re AMC, Huatai Insurance Agency, China Re UK, China Re Underwriting Agency Limited and China Re HK. Details are set out in Note 30(1) to the financial statements.

## PRE-EMPTIVE RIGHT

During the Reporting Period, the shareholders of the Company had no pre-emptive right pursuant to the relevant laws of the PRC and the Articles of Association.

# REPORT OF THE BOARD OF DIRECTORS

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company or any of its subsidiaries had not purchased, sold or redeemed any of its listed securities.

## ISSUANCE OF DEBENTURES

In order to broaden the sources of foreign exchange funds and optimise asset allocation, China Re Group successfully issued notes with aggregate principal amounts of US\$0.8 billion and US\$0.7 billion (the “Notes”) through China Reinsurance Finance Corporation Limited, respectively on 9 March 2017 and 30 June 2017. The two tranches of Notes were consolidated into a single series. The interest rate was 3.375% per annum payable semi-annually on 9 March and 9 September each year. With Notes due on 9 March 2022 (EST), China Reinsurance Finance Corporation Limited has fully repaid the total amount of Notes and the accrued interest, and Notes have been cancelled accordingly.

On 17 August 2018, China Re P&C successfully issued the capital supplementary bonds with a total principal amount of RMB4 billion publicly in the National Interbank Bond Market. The capital supplementary bonds are ten-year fixed-rate bonds, with an annual coupon rate of 4.97% for the first five years, and China Re P&C has conditional redemption rights at the end of the fifth year. In the event that China Re P&C does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 5.97% for the remaining five years.

On 29 November 2018, China Re Life successfully issued the capital supplementary bonds with a total principal amount of RMB5 billion publicly in the National Interbank Bond Market. The capital supplementary bonds 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 8 December 2020, China Re P&C successfully issued the capital supplementary bonds with a total principal amount of RMB4 billion publicly in the National Interbank Bond Market. The capital supplementary bonds are ten-year fixed-rate bonds, with an annual coupon rate of 4.40% 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 5.40% for the remaining five years.

The funds raised by the issuance of the capital supplementary bonds will be used to supplement the capital of China Re P&C and China Re Life in accordance with the applicable laws and regulatory approvals so as to improve their solvency, create conditions for the sound business development of China Re P&C and China Re Life business, and support the sustainable and steady development of their business.

On 1 October 2021, the catastrophe bonds initiated by China Re P&C were successfully issued in Hong Kong, offering protection against risks from typhoons in China with proceeds of USD30 million. The issue of the catastrophe bonds is the first in Hong Kong and represents the concrete measures that the insurance industry serves the State’s strategy and supports constructions in the Guangdong-Hong Kong-Macao Greater Bay Area.

# REPORT OF THE BOARD OF DIRECTORS

## CHARITABLE AND OTHER DONATIONS

During the Reporting Period, the Group had charitable and other donations of approximately RMB13.1549 million in aggregate.

## DIRECTORS

During the Reporting Period and as at the Latest Practicable Date, the Directors were as follows:

### Executive Directors<sup>1</sup>

Mr. He Chunlei (Chairman)

Mr. Zhuang Qianzhi (Vice Chairman)

### Non-executive Directors<sup>2</sup>

Ms. Wang Xiaoya

Mr. Liu Xiaopeng<sup>3</sup>

Mr. Li Bingquan (has served as a Non-executive Director since January 2022)

Mr. Yang Changsong (has served as a Non-executive Director since November 2022)

### Independent Non-executive Directors<sup>3</sup>

Mr. Hao Yansu

Mr. Li Sanxi

Ms. Mok Kam Sheung

Ms. Jiang Bo

Notes:

1. Since 15 September 2022, Mr. Yuan Linjiang has ceased to serve as the Chairman of the Board and an executive Director. Since 7 December 2022, Mr. He Chunlei has served as the Chairman of the Board. Since 7 December 2022, Mr. Zhuang Qianzhi has served as the Vice Chairman of the Board.
2. Since 8 November 2022, Mr. Wen Ning has ceased to serve as the non-executive Director.
3. Upon the approval at the Company's first extraordinary general meeting of 2023, Mr. He Chunlei and Mr. Zhuang Qianzhi were appointed as the executive Directors of the fifth session of the Board of Directors; Ms. Wang Xiaoya, Mr. Li Bingquan, Mr. Yang Changsong and Mr. Li Wenfeng were appointed as the non-executive Directors of the fifth session of the Board of Directors; Ms. Jiang Bo, Mr. Dai Deming, Ms. Ye Mei and Mr. Ma Ho Fai were appointed as the independent non-executive Directors of the fifth session of the Board of Directors. The terms of office of the above-mentioned ten Directors of the fifth session of the Board of Directors shall commence from the date of approval of Director's qualifications of Mr. Li Wenfeng, Mr. Dai Deming, Ms. Ye Mei and Mr. Ma Ho Fai by the CBIRC and the implementation of the procedural requirements stipulated in the Articles of Association, and end on the expiration of the term of the fifth session of the Board of Directors. They may serve consecutive terms if they are re-elected upon the expiration of their terms of office. From the date on which the fifth session of the Board of Directors takes office, Mr. Liu Xiaopeng will cease to serve as a non-executive Director, and Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung will cease to serve as the independent non-executive Directors.

# REPORT OF THE BOARD OF DIRECTORS

## SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with the Directors and Supervisors. During the Reporting Period, none of the Directors or Supervisors entered into any service contract with the Company or its subsidiaries which could not be terminated within one year without payment of compensation other than statutory compensation.

## DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

During the Reporting Period, none of the Directors, Supervisors or their connected entities had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Company, to which the Company or any of its subsidiaries was a party.

## PERMITTED INDEMNITY

Subject to the relevant statutes, every Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has purchased insurance against the liabilities and costs associated with proceedings which may be against the Directors.

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at the end of the Reporting Period, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) upon the listing of H shares which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and/or short position taken or deemed to be held under the relevant provisions of the SFO), or are required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions upon the listing of H shares, or are required to be recorded in the register required to be kept under Section 352 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, none of the Company or its subsidiaries had entered into any arrangements which enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other legal entities.

# REPORT OF THE BOARD OF DIRECTORS

## DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS

During the Reporting Period, there were no relationships in respect of finance, business, or family among the Directors, Supervisors and senior management of the Company.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had engaged in or had any interest in any business which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to the Hong Kong Listing Rules.

## SHARE INCENTIVE SCHEME FOR THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Company had not formulated or implemented any share incentive scheme for the Directors, Supervisors and senior management.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

As at the end of the Reporting Period, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or were, either directly or indirectly, interested in 5% or more of the nominal value of any class of share capital.

# REPORT OF THE BOARD OF DIRECTORS

Name of shareholders	Nature of interest and capacity	Class	Number of shares	Approximate percentage of interests of the Company (%)	Approximate percentage of relevant class of shares of the Company (%)
Central Huijin Investment Ltd.	Beneficial owner	Domestic share	30,397,852,350 (Long position)	71.56	84.91
Ministry of Finance of the PRC	Beneficial owner	Domestic share	4,862,285,131 (Long position)	11.45	13.58
Great Wall Pan Asia International Investment Co., Ltd.	Beneficial owner	H share	431,050,000 (Long position)	1.01	6.45

- Notes: 1. The information disclosed above was the information shown on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).
2. According to Section 336 of the SFO, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the shareholders in the Company change, it is not necessary for the shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange.
3. Great Wall Pan Asia International Investment Co., Ltd. is the wholly-owned subsidiary of China Great Wall Asset Management Corporation in Hong Kong.

Save as disclosed above, as at the end of the Reporting Period, so far as the Directors were aware, no other person (other than the Directors, Supervisors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company which are required to be disclosed or recorded in the register of the Company to be kept under Section 336 of the SFO.

# REPORT OF THE BOARD OF DIRECTORS

## ADMINISTRATION AND MANAGEMENT CONTRACTS

During the Reporting Period, the Company had not entered into any administration and management contracts with respect to the entire or principal business of the Company.

## AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the audited financial statements of the Group for the year ended 31 December 2022.

## CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the section headed “Corporate Governance Report” in this annual report.

## AUDITORS

On 20 June 2016, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were appointed as the domestic and overseas auditors of the Group, respectively, and were appointed at the 2015 annual general meeting, the 2016 annual general meeting, the 2017 annual general meeting, the 2018 annual general meeting, the 2019 annual general meeting, the 2020 annual general meeting and the 2021 annual general meeting for seven consecutive years with a term till the conclusion of the 2022 annual general meeting. The Group did not change its auditors in the past seven years.

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers.

By order of the Board  
**China Reinsurance (Group) Corporation**  
**He Chunlei**  
*Chairman*

Beijing, the PRC  
28 March 2023

# REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors had focused on the annual key work of the Company in accordance with the laws and regulations such as the PRC Company Law, the regulatory requirements, the Articles of Association and other internal rules and regulations by identifying work positioning, focusing on working priorities, improving working mechanism, and diligently and pragmatically performing its duties. The Board of Supervisors actively safeguarded the rights and interests of shareholders and the Company, gave full play to the supervisory role of the Board of Supervisors to promote the organic integration of Party's leadership and the improvement of corporate governance, and enhanced the high-quality development of the Group.

## MEETINGS OF THE BOARD OF SUPERVISORS AND ITS SPECIALISED COMMITTEES

During the Reporting Period, the Board of Supervisors held six meetings, considered 19 proposals and received 22 reports; the Performance Supervision and Inspection Committee under the Board of Supervisors held three meetings and considered five proposals; the Financial Supervision and Inspection Committee under the Board of Supervisors held one meeting and considered two proposals. All Supervisors and members of the specialised committees attended all the meetings above.

On 25 February 2022, the nineteenth (extraordinary) meeting of the fourth session of the Board of Supervisors was convened, during which the Resolution on the Report of the Board of Supervisors of China Reinsurance (Group) Corporation for the Year 2021 was considered and unanimously approved, and five reports, including the Report on the Operation Plan of China Reinsurance (Group) Corporation for the Year 2022, were received.

On 28 March 2022, the twentieth (extraordinary) meeting of the fourth session of the Board of Supervisors was convened, during which six proposals, including the Resolution on the Work Plan of the Board of Supervisors of China Reinsurance (Group) Corporation for the Year 2022, were considered and unanimously approved, and five reports, including the Internal Audit Work Report of China Reinsurance (Group) Corporation for the Year 2021, were received.

On 28 April 2022, the twenty-first meeting of the fourth session of the Board of Supervisors was convened, during which nine proposals, including the Resolution on the Evaluation Report of the Performance of the Board of Supervisors of China Reinsurance (Group) Corporation for the Year 2021, were considered and unanimously approved, and seven reports, including the Performance Report of the Directors of China Reinsurance (Group) Corporation for the Year 2021, were received.

On 27 July 2022, the twenty-second (extraordinary) meeting of the fourth session of the Board of Supervisors was convened, during which the Resolution on the Nomination of Mr. Zhu Hailin as a Supervisor Candidate for the Fourth Session of the Board of Supervisors of China Reinsurance (Group) Corporation was considered and unanimously approved.

On 29 August 2022, the twenty-third meeting of the fourth session of the Board of Supervisors was convened, during which five reports, including the Report on Supervision Reporting of China Re Group for the Year 2021, were received.

# REPORT OF THE BOARD OF SUPERVISORS

On 27 September 2022, the twenty-fourth (extraordinary) meeting of the fourth session of the Board of Supervisors was convened, during which two proposals, including the Resolution on the Election of Mr. Zhu Hailin as the Chairman of the Board of Supervisors for the Fourth Session of the Board of Supervisors of China Reinsurance (Group) Corporation, were considered and unanimously approved.

## PERFORMANCE MONITORING

During the Reporting Period, through attending two shareholders' general meetings, and eight meetings of the Board, members of the Board of Supervisors continuously paid attention to the progress of the implementation of the Company's strategies, the progress of key tasks, the overall operation and management and related results, the implementation of resolutions of shareholders' general meetings and meetings of the Board, selection and appointment of directors, etc., while supervising the performance of duties by the Directors and senior management. In accordance with the regulatory requirements and the actual situation of the Group Company, the Board of Supervisors formulated the Interim Measures for Performance Assessment and Accountability of Directors, Supervisors and Senior Management, while amending the Interim Measures for Assessment of Duty Performance of Directors and Senior Management. In accordance with the requirements of the Articles of Association and in conjunction with the requirements of the superior units, the Board of Supervisors organised the assessment of performance for the year 2021, issued an assessment opinion report and reported to the regulatory institutions, the superior units and the shareholders' general meetings. The Board of Supervisors further optimised the working mechanism for the evaluation of the performance of Directors and Supervisors, and increased evaluation sessions of interviews with Directors, self-evaluation and mutual evaluation of Directors and Supervisors. In accordance with the relevant working system requirements, the Board of Supervisors organised and completed the supervision and inspection on performance remuneration and business expenses for the year 2021 and issued the related working report. The Board of Supervisors was in the view that the Directors and the senior management of the Company were able to carry out their duties diligently in accordance with the Articles of Association, actively responded to difficulties and challenges, achieved the expected business objectives, and made new progress in high-quality development in 2022.

## FINANCIAL MONITORING

During the Reporting Period, the Board of Supervisors emphasised and put more efforts in financial supervision. The Board of Supervisors continued to carry out monitoring on the consolidated and segment financial conditions of the Group, paid attention to the changes in financial position, carefully reviewed the annual final accounts report and proposals for profit attribution, and communicated with external auditors in respect of annual financial report audit and interim review by successively organising several special communication meetings, reminding them of the key issues of auditing, and putting forward specified recommendation.

# REPORT OF THE BOARD OF SUPERVISORS

## RISK AND INTERNAL CONTROL MONITORING

During the Reporting Period, the Board of Supervisors paid close attention to key risk areas of the Group such as credit risk, reputation risk, liquidity risk, capital utilisation risk and new business risk, as well as the construction of the “C-ROSS” Phase II risk management system and the disposal of major risk projects, received the relevant work reports and put forward opinions and suggestions. In particular, the reputation risk report was separately reviewed for reputation risk. The Board of Supervisors strengthened internal control and compliance monitoring, connected transaction monitoring and internal audit monitoring, and regularly received the work reports of relevant departments.

## SUPERVISION WORKS ON STRATEGY AND OTHER AREAS

During the Reporting Period, the Board of Supervisors strengthened strategy monitoring work, received reports on the execution and evaluation of the strategic planning of the Group and the operation report, continued to pay attention to the progress of the Company’s work in serving the national strategies, serving the “six stabilities” and “six securities”, overall operation management, and financial risks prevention and control. The Board of Supervisors carried out other supervision works such as remuneration and incentive restraint mechanisms, and received reports such as the determination of gross salaries of the Group and the remuneration of the Directors, Supervisors and senior management, paying attention to its rationality.

## SPECIAL SURVEYS AND SPECIAL COMMUNICATION

During the Reporting Period, the Board of Supervisors conducted special surveys on China Continent Insurance, China Re P&C and China Re Life to understand the development, operation and management of primary businesses of China Continent Insurance, the international business operation and management of overseas institutions of China Re P&C, the protection-type business of China Re Life and the business operation and management of China Re HK, exchanged the problems and challenges encountered in business development, and put forward relevant opinions and suggestions in a targeted manner. The Board of Supervisors also convened a special topic communication meeting on the rectification of problems notified by the CBIRC, fully communicated with the relevant units and departments on key issues, followed up and understood the rectification situation, put forward work suggestions, and supervised the implementation of rectification work.

# REPORT OF THE BOARD OF SUPERVISORS

## SELF-CONSTRUCTION OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors continued to strengthen its own construction, promoted the standardisation and specialisation of the performance of the Board of Supervisors, and improved the effectiveness of performance. Firstly, with the support of shareholders, the replacement of the chairman of the Board of Supervisors has been successfully completed. Secondly, the Board of Supervisors participated in the amendments to the Articles of Association, carried out the revision of the Rules of Procedure of the Board of Supervisors, and implemented regulatory requirements. Thirdly, the Board of Supervisors improved its working mechanism, tracked and understood the implementation of opinions and suggestions put forward at various meetings of the Board of Supervisors throughout the year, created closed-loop management of supervision, promoted the application of supervision results, and effectively ensured the full and effective role of supervision and promotion of the Board of Supervisors. Fourthly, it held a symposium on the work of the Board of Supervisors of the Group to strengthen the work guidance over the board of supervisors of subsidiaries, improve the work level of the Board of Supervisors of the Group and form a joint force of supervision. Fifthly, the Board of Supervisors strengthened the study of political theories and professional knowledge to improve the ability to perform duties.

## PERFORMANCE OF DUTIES BY THE SUPERVISORS

During the Reporting Period, all Supervisors actively performed their supervisory duties, attended all meetings of the Board of Supervisors and its specialised committees, and prudently expressed their opinions and participated in the voting. Through attending the shareholders' general meetings and the meetings of the Board, the Supervisors carried out their supervisory duties. The Supervisors actively participated in the supervision and inspection work organised by the Board of Supervisors. The Supervisors emphasised self-development by fulfilling the philosophy introduced in the Forum of the Board of Supervisors of Directly Managed Enterprises of China Investment Corporation. The Supervisors also actively participated in the internal and external training activities of the Company and continuously improved their ability to perform duties and business level. The employee representative Supervisors participated in the employee representative assembly of the Company and presented annual reports on their works. The Board of Supervisors believes that all Supervisors performed their duties in accordance with the PRC Company Law, the Articles of Association and other laws and regulations, regulatory requirements, internal rules and regulations of the Company and have achieved fruitful results in all supervision works.

By order of the Board of Supervisors  
**China Reinsurance (Group) Corporation**  
**Zhu Hailin**  
*Chairman of the Board of Supervisors*

Beijing, the PRC  
28 March 2023



**EMBEDDED VALUE**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS AND NOTES**

**REINSURANCE**

An aerial photograph of a modern city skyline at dusk, featuring numerous illuminated skyscrapers and a prominent tower on the right. The image is overlaid with a semi-transparent blue circular graphic and white text. The text 'CHINA' is on the top line and 'FRANCE' is on the bottom line, both in a large, white, serif font.

# CHINA FRANCE

# EMBEDDED VALUE



To the Directors of China Reinsurance (Group) Corporation

Dear Sirs,

## Independent Actuarial Consultants' Report on Embedded Value of China Reinsurance (Group) Corporation

China Reinsurance (Group) Corporation (the "Group Company", the "Company") has retained Deloitte Consulting (Shanghai) Co., Ltd. to quantify and report on embedded value of the Group Company's and its subsidiaries' ("China Re Group", the "Group") life and health reinsurance business, covering the life and health reinsurance business of the Group Company and all businesses of China Life Reinsurance Company Limited ("China Re Life") and China Reinsurance (Hong Kong) Company Limited ("China Re HK") ("the Covered Business") as at 31 December 2022. The task is undertaken by Deloitte Actuarial and Insurance Solutions of Deloitte Consulting (Shanghai) Co., Ltd. ("Deloitte Consulting", "we").

The report summarises the scope of work carried out by Deloitte Consulting, basis of report, reliance and limitations, valuation methodologies and results.

### Scope of Work

The scope of our work is summarised as follows:

- Quantifying embedded value of China Re Group as at 31 December 2022;
- Quantifying value of one year's new business underwritten by the Group during the 12 months prior to 31 December 2022;
- Reviewing the assumptions used for embedded value and value of one year's new business valuation as at 31 December 2022;
- Performing sensitivity tests of value of in-force business and value of one year's new business under alternative assumptions;
- Performing movement analysis of embedded value from 31 December 2021 to 31 December 2022.

# EMBEDDED VALUE

## Basis of Report, Reliance and Limitation

This report has been prepared by Deloitte Consulting solely for the information and use of China Reinsurance (Group) Corporation for the purpose set out in the introduction of this report, including the valuation and reporting under the requirements of “Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance” published by the China Association of Actuaries and industry practice for publicly listed companies in Hong Kong. Accordingly, we accept no responsibility or liability to any other party.

In performing our work, we have relied upon the accuracy and completeness of the audited and unaudited data and information provided verbally and in writing by, or on behalf of, China Re Group for periods up to 31 December 2022.

The calculation of embedded value is based on a range of assumptions on future operations and investment performance. Many of these assumptions cannot be controlled by China Re Group. They are affected by internal and external factors. Hence the actual experience may deviate from these assumptions.

On behalf of  
Deloitte Consulting (Shanghai) Co., Ltd.

Eric Lu  
FIAA, FCAA

Yu Jiang  
FSA, FCAA

# EMBEDDED VALUE

## 1. Definitions and Methodology

### 1.1 Definitions

A number of specific terminologies are used in this report. They are defined as follows:

- Embedded Value (“EV”): this is the sum of the adjusted net worth and value of in-force business less the cost of required capital as at the valuation date;
- Adjusted Net Worth (“ANW”): this is the fair value of assets attributable to shareholders in excess of liabilities of the Covered Business as at the valuation date;
- Value of In-force Business (“VIF”): this is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date. The assets contributing to the cash flows are those supporting the corresponding liabilities of in-force business;
- Cost of Required Capital (“CoC”): this is defined as the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value), and the calculation should take into account the after-tax investment earnings on the assets backing such required capital;
- Value of One Year’s New Business (“1-year VNB”): this is equal to the present value as at the policy issue dates of the future cash flows attributable to shareholders from the business accepted during the 12 months prior to the valuation date and the corresponding assets. The assets contributing to the cash flows are those supporting the corresponding liabilities of the business accepted.

# EMBEDDED VALUE

## 1.2 Methodology

Based on “Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance” issued by the China Association of Actuaries (“CAA”) in November 2016 and industry practice for publicly listed companies in Hong Kong, we determined the embedded value and the value of one year’s new business.

In this report, embedded value of China Re Group is defined as the sum of adjusted net worth of the Group and VIF of the Covered Business after the cost of required capital.

Since the Group does not hold 100% of all companies within it, ANW has excluded minority interests. As China Re Life and China Re HK are 100% owned by the Group, all of those VIF are included in the reported EV valuation results.

The adjusted net worth at the valuation date is defined as the sum of below two items:

- Net asset value of China Re Group on a consolidated basis with allowance for the reserve difference between PRC GAAP basis and EV basis for the Covered Business;
- The asset value adjustments, which reflect the after-tax difference of market value and book value for certain relevant assets, together with the relevant adjustments to liabilities.

Value of in-force business after the cost of required capital is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date, less the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value). The calculation of cost of required capital should take into account the after-tax investment earnings on the assets backing such required capital.

Value of one year’s new business after the cost of required capital is the present value as at the policy issue dates of the future cash flows attributable to shareholders from the business accepted during the 12 months prior to the valuation date and the corresponding assets, less the amount of capital supporting the corresponding new business required from shareholders at the policy issue date and the present value of future movements of such capital (end of period value less start of period value).

# EMBEDDED VALUE

## 2. Results Summary

The embedded value and value of one year's new business results as at 31 December 2022 and the corresponding results as at prior valuation date are summarised as below:

**Table 2.1 EV as at 31 December 2022 and 31 December 2021**

Valuation Date	<i>Unit: in RMB millions</i>	
	31 Dec 2022	31 Dec 2021 (Restated)
<b>Embedded Value</b>		
Adjusted Net Worth	94,623	103,090
Value of In-force Business before CoC	11,718	12,132
Cost of Required Capital	(4,290)	(4,636)
Value of In-force Business after CoC	7,428	7,496
Embedded Value	102,051	110,586
Of which:		
ANW of the life and health reinsurance business	23,773	28,390
VIF after CoC of the life and health reinsurance business	7,299	7,331
EV of the life and health reinsurance business	31,072	35,721

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 whole life and health reinsurance business. The same applies in the tables below.

Note 3: As the financial information of the Group and China Re Life for 2021 has been restated, the figures of ANW and EV at the beginning of this period are adjusted accordingly.

**Table 2.2 1-year VNB for the 12 months up to 31 December 2022 and 31 December 2021**

Valuation Date	<i>Unit: in RMB millions</i>	
	31 Dec 2022	31 Dec 2021
<b>Value of One Year's New Business of the life and health reinsurance business</b>		
Value of One Year's New Business before CoC	2,438	3,483
Cost of Required Capital	(747)	(1,189)
Value of One Year's New Business after CoC	1,691	2,294

# EMBEDDED VALUE

## 3. Assumptions

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

### 3.1 Risk Discount Rate

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

### 3.2 Investment Return Rates

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

**Table 3.2.1 Assumption of investment return rates used for VIF and 1-year VNB valuation as at 31 December 2022**

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

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

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

# EMBEDDED VALUE

## 3.3 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.

## 3.4 Mortality and Morbidity

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

## 3.5 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.

## 3.6 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.

## 3.7 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.

## 3.8 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.

# EMBEDDED VALUE

## 4. Sensitivity

We have performed a series of sensitivity tests on alternative assumptions for value of in-force business and value of one year's new business of the life and health reinsurance business of China Re Group as at 31 December 2022. For each test, only the referred assumption is changed, while the other assumptions are kept unchanged. Results of the sensitivity tests are shown as below:

Table 4.1 Sensitivity test results of VIF and 1-year VNB as at 31 December 2022

*Unit: in RMB millions*

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

# EMBEDDED VALUE

## 5. Movement Analysis

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

Table 5.1 Movement analysis of EV from 31 December 2021 to 31 December 2022

*Unit: in RMB millions*

No.	Item	Amount	Details
1	EV of life and health reinsurance business as at 31 December 2021	35,721	EV as at 2021 year end before model change. As the financial information of the Group and China Re Life for 2021 has been restated, the figures of EV at the beginning of this period are adjusted accordingly
2	Model change	(149)	EV model improvement
3	Modified EV of life and health reinsurance business as at 31 December 2021	35,572	EV as at 2021 year end after model change
4	Expected return on EV	2,905	Expected return on EV in the year of 2022
5	Impact of new business	1,256	Impact of new business in the year of 2022
6	Impact of market value adjustments and other adjustments	(36)	Changes from asset market value adjustments and other adjustments
7	Economic experience variances	(7,349)	Difference between actual investment income and expected investment income in the year of 2022
8	Operating experience variances	12	Difference between actual operational experience and expected operational results in the year of 2022
9	Change in assumptions	49	Adjustments to assumptions at 31 December 2022
10	Others	(270)	
11	Capital injection and shareholder dividend payment	(1,066)	Capital injection to China Re Life and dividend paid to the Group Company by China Re Life
12	EV of life and health reinsurance business as at 31 December 2022	31,072	

## EMBEDDED VALUE

No.	Item	Amount	Details
13	EV of other business of the Group as at 31 December 2021	74,865	
14	Profit from other business in the year of 2022	(1,664)	
15	Impact of market value adjustments and other adjustments	(1,342)	Changes from asset market value adjustments and other adjustments
16	Others	(36)	
17	Capital injection and shareholder dividend payment	(845)	Capital injection to subsidiaries, dividend paid to the Group Company by subsidiaries and dividend paid to shareholders by China Re Group
18	EV of other business of the Group as at 31 December 2022	70,979	
19	EV of the Group as at 31 December 2022	102,051	

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of China Reinsurance (Group) Corporation  
(incorporated in the People's Republic of China with limited liability)

## Opinion

### What we have audited

The consolidated financial statements of China Reinsurance (Group) Corporation (the "Company") and its subsidiaries (the "Group"), which are set out on pages 146 to 299, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

Key audit matters identified in our audit are summarised as follows:

- Significant insurance risk test – reinsurance contracts
- Valuation of insurance contract liabilities – long-term life and health reinsurance contract liabilities
- Valuation of insurance contract liabilities – claim reserves
- Valuation of level 3 financial instruments

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Significant insurance risk test – reinsurance contracts

Refer to notes 2(26), 3(1)(a), 5 and 42 to the consolidated financial statements.

The Group performed significant insurance risk test for its assumed reinsurance contracts to determine the classification of these contracts and the corresponding accounting treatment.

When performing the quantitative test, the Group uses certain actuarial assumptions, such as loss ratio, mortality and morbidity rates, and the mean and standard deviation of the loss distribution. The Group determines such assumptions based on its historical experiences and estimation on future development trends for its insurance products.

For the year ended 31 December 2022, the gross written premiums for reinsurance contracts that passed the testing of significant insurance risk was RMB116.75 billion, representing 69.5% of the Group's total income. On the other hand, the contracts that did not pass the testing of significant insurance risk were recognised as investment contract liabilities and were measured at amortised cost of RMB23.15 billion, representing 5.4% of the Group's total liabilities as at year end.

We focused on this area because the development of assumptions requires the use of significant management judgement.

We, with the assistance of our own actuarial experts, performed the audit procedures listed below.

We obtained an understanding of the Group's policies and procedures of significant insurance risk test by performing inquiries of management and inspection of supporting documentation.

On a sample basis, we checked the appropriateness of the actuarial assumptions, including loss ratio, mortality and morbidity rates, and the mean and standard deviation of the loss distribution, applied by the management by comparing them to the Group's historical data.

We also recalculated the Group's computation of the significant insurance risk test and checked the classification of the selected contracts according to the test result.

Based on our audit procedures performed above, we found no material exception.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

## How our audit addressed the Key Audit Matter

Valuation of insurance contract liabilities – long-term life and health reinsurance contract liabilities

Refer to notes 3(2)(a) and 43 to the consolidated financial statements.

As at 31 December 2022, the Group had significant long-term life and health reinsurance contract liabilities of RMB124.43 billion, representing 29.2% of the Group's total liabilities.

The valuation of long-term life and health reinsurance contract liabilities is determined using complex models which were set up based on the terms of the Group's reinsurance contracts.

The main actuarial assumptions adopted in the valuation models include discount rates, mortality and morbidity rates assumptions.

The determination of assumptions used at the balance sheet date requires the use of management judgement and it involves significant uncertainty of future events and hence we focused our work in this area.

We obtained an understanding of the management's internal control and assessment process of long-term life and health reinsurance contract liabilities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias and fraud.

We, with the assistance of our own actuarial experts, performed the audit procedures listed below.

We evaluated the design and operating effectiveness of key internal controls over the calculation of long-term life and health reinsurance contract liabilities, including testing controls in place to determine the assumptions adopted over the calculation.

We assessed the Group's methodology for calculating long-term life and health reinsurance contract liabilities against recognized actuarial practices.

We assessed the reasonableness of key assumptions including discount rates, mortality and morbidity rates assumptions used in the valuation models by comparing them to the Group's historical experiences.

On a sample basis, we assessed the appropriateness of actuarial models by independently modelling selected contracts.

Based on our audit procedures performed, we found no material exception.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

## How our audit addressed the Key Audit Matter

Valuation of insurance contract liabilities – claim reserves

Refer to notes 3(2)(a) and 43 to the consolidated financial statements.

As at 31 December 2022, the Group had significant claim reserves of RMB110.42 billion, representing 25.9% of the Group's total liabilities.

The valuation of claim reserves is determined using complex models which were set up based on the terms of the Group's insurance contracts.

The main assumption in measuring the claim reserves is developed using the Group's experience of historical claims, which can be used to project the trend of future claims and hence ultimate claim costs. Accordingly, management extrapolates the amount of paid and incurred losses, average costs per claim and claim number of primary insurance contracts, based on the observed development of earlier years to develop the expected loss ratios for estimating the claim reserves.

The determination of the main assumption on future claims requires the use of management judgement and it involves significant uncertainty of future events and hence we focused our work in this area.

We obtained an understanding of the management's internal control and assessment process of claim reserves and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias and fraud.

We, with the assistance of our own actuarial experts, performed the audit procedures listed below.

We evaluated the design and operating effectiveness of key internal controls over the calculation of claim reserves, including testing controls in place to determine the assumptions adopted over the calculation.

For major lines of business, we assessed the reasonableness of the key assumptions, such as ultimate loss ratio and risk factor, which were used in the valuation models by comparing them to the Group's historical data.

For the selected lines of business, we also compared the Group's computation of claim reserves with an estimated range of valuation result independently developed by us.

We evaluated the overall reasonableness of the claim reserves by performing the comparison of the actual experiences to previously expected results and assessed the adequacy of the estimated liability as at year end.

Based on our audit procedures performed, we found no material exception.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Valuation of level 3 financial instruments

Refer to note 3(2)(b) and 53 to the consolidated financial statements.

The investments are classified as level 3 in the fair value hierarchy as their fair values are measured using valuation methodologies with significant unobservable inputs. The Group held material investments in level 3 financial instruments with a combined carrying value of RMB10.24 billion representing 2.0% of the Group total assets as at the balance sheet date.

We focused on the valuation of these investments due to the significant management's judgements involved in the valuation methodologies with significant unobservable inputs, including the discount rate for credit risk, the discount for lack of marketability, and valuation multiples of comparable companies.

We obtained an understanding of the management's internal control and assessment process of the valuation of level 3 financial instruments and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias and fraud.

We, with the assistance of our own valuation experts, performed the audit procedures listed below.

We evaluated the design and operating effectiveness of key internal controls over the valuation of level 3 financial instruments, including testing controls in place to determine the valuation methodologies and assumptions adopted over the valuation.

We evaluated the management's valuation methodologies by comparing them to industry practice and commonly used valuation methodologies.

We checked the appropriateness of the significant unobservable inputs, including the discount rate for credit risk, the discount for lack of marketability, and valuation multiples of comparable companies.

Based on our audit procedures performed, we found no material exception.

# INDEPENDENT AUDITOR'S REPORT

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Sheung Yuen.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 28 March 2023

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021 (Restated, Note 60)
Gross written premiums	5	169,765,451	162,731,563
Less: Premiums ceded to reinsurers and retrocessionaires	5	(15,300,674)	(14,974,700)
Net written premiums	5	154,464,777	147,756,863
Changes in unearned premium reserves	6	(696,350)	(3,716,921)
Net premiums earned		153,768,427	144,039,942
Reinsurance commission income		2,785,066	1,933,090
Investment income	7	8,208,719	14,764,050
Exchange (losses)/gains, net		(346,376)	23,278
Other income	8	3,519,773	3,213,257
<b>Total income</b>		<b>167,935,609</b>	<b>163,973,617</b>

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021 (Restated, Note 60)
<b>Total income</b>		167,935,609	163,973,617
Claims and policyholders' benefits	9	(122,079,007)	(117,504,269)
– Claims incurred		(82,304,383)	(73,259,898)
– Life and health reinsurance death and other benefits paid		(36,341,816)	(34,714,441)
– Changes in long-term life and health reinsurance contract liabilities		(3,432,808)	(9,529,930)
Handling charges and commissions	10	(24,846,815)	(22,120,576)
Finance costs	11	(1,937,678)	(2,051,817)
Other operating and administrative expenses	12	(16,811,246)	(16,875,142)
<b>Total benefits, claims and expenses</b>		(165,674,746)	(158,551,804)
Share of profit or loss of associates		(589,649)	1,686,425
Impairment losses of associates		(871,954)	–
<b>Profit before tax</b>	13	799,260	7,108,238
Income tax	16	726,064	(1,213,464)
<b>Profit for the year</b>		1,525,324	5,894,774
<b>Attributable to:</b>			
Equity shareholders of the parent		1,871,319	5,954,062
Non-controlling interests		(345,995)	(59,288)
<b>Profit for the year</b>		1,525,324	5,894,774
<b>Earnings per share (in RMB)</b>	18		
– Basic		0.04	0.14
– Diluted		0.03	0.13

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021 (Restated, Note 60)
<b>Profit for the year</b>		1,525,324	5,894,774
Other comprehensive income for the year after tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation	46	(65,990)	45,737
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates, after tax		(55,417)	(79,953)
Available-for-sale financial assets, after tax		(6,996,491)	(4,775,147)
Exchange differences on translation of financial statements of foreign operations		134,056	(147,152)
Other comprehensive income for the year after tax	19	(6,983,842)	(4,956,515)
<b>Total comprehensive income for the year</b>		<b>(5,458,518)</b>	<b>938,259</b>
<b>Attributable to:</b>			
Equity shareholders of the parent		(4,776,650)	1,334,037
Non-controlling interests		(681,868)	(395,778)
<b>Total comprehensive income for the year</b>		<b>(5,458,518)</b>	<b>938,259</b>

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated, Note 60)
<b>Assets</b>			
Cash and short-term time deposits	20	14,793,874	23,096,286
Financial assets at fair value through profit or loss	21	13,024,279	14,836,705
Derivative financial assets		113,755	436,422
Financial assets held under resale agreements	22	4,447,232	3,465,964
Premiums receivable	23	15,799,085	16,132,227
Reinsurance debtors	24	44,628,022	49,686,426
Investment contracts receivable	25	4,671,122	5,266,570
Reinsurers' share of insurance contract liabilities	43	25,799,094	21,039,827
Reinsurers' share of policy loans		694,578	628,518
Time deposits	26	21,797,125	21,365,996
Available-for-sale financial assets	27	193,184,316	177,765,796
Held-to-maturity investments	28	38,574,066	37,376,952
Investments classified as loans and receivables	29	35,695,625	39,097,068
Statutory deposits	31	20,997,497	18,844,502
Investment properties	32	6,038,865	6,257,961
Property and equipment	33	3,876,515	4,027,378
Right-of-use assets	34	1,089,596	1,250,371
Intangible assets	35	2,388,889	2,249,960
Investments in associates	36	22,639,532	25,583,536
Goodwill	37	1,634,952	1,597,205
Deferred tax assets	38	7,118,795	3,412,750
Other assets	39	41,688,103	26,377,337
<b>Total assets</b>		<b>520,694,917</b>	<b>499,795,757</b>

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated, Note 60)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss		308,062	267,054
Derivative financial liabilities		45,448	–
Securities sold under agreements to repurchase	40	50,950,712	47,985,583
Reinsurance payables	41	25,710,982	19,115,393
Income tax payable		2,233,572	2,402,562
Policyholders' deposits		1,939,112	4,291,416
Investment contract liabilities	42	23,146,000	20,786,743
Insurance contract liabilities	43	284,335,586	257,959,374
Notes and bonds payable	44	12,999,060	22,556,059
Long-term borrowings	45	3,826,334	3,499,098
Lease liabilities	34	1,027,728	1,172,466
Deferred tax liabilities	38	830,226	1,047,352
Other liabilities	46	18,669,417	16,622,936
<b>Total liabilities</b>		<b>426,022,239</b>	<b>397,706,036</b>
<b>Equity</b>			
Share capital	47	42,479,808	42,479,808
Reserves	48	16,799,278	22,655,595
Retained profits	48	26,738,571	27,571,892
Total equity attributable to shareholders of the parent		86,017,657	92,707,295
Non-controlling interests		8,655,021	9,382,426
<b>Total equity</b>		<b>94,672,678</b>	<b>102,089,721</b>
<b>Total liabilities and equity</b>		<b>520,694,917</b>	<b>499,795,757</b>

Approved and authorized for issue by the Board of Directors on 28 March 2023.

He Chunlei  
Director

Zhuang Qianzhi  
Director

Tian Meipan  
Chief Actuary

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Attributable to equity shareholders of the parent											
		Reserves									Subtotal	Non-controlling interests	Total equity
		Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained profits			
As at 1 January 2022		42,479,808	10,685,913	2,807,596	6,906,537	144,470	46,146	2,602,115	(537,182)	27,571,892	92,707,295	9,382,426	102,089,721
Profit for the year		-	-	-	-	-	-	-	-	1,871,319	1,871,319	(345,995)	1,525,324
Other comprehensive income	19	-	-	-	-	-	(65,990)	(6,711,000)	129,021	-	(6,647,969)	(335,873)	(6,983,842)
<b>Total comprehensive income</b>		-	-	-	-	-	(65,990)	(6,711,000)	129,021	1,871,319	(4,776,650)	(681,868)	(5,458,518)
Appropriations to surplus reserve		-	-	325,048	-	-	-	-	-	(325,048)	-	-	-
Appropriations to general risk reserve		-	-	-	399,520	-	-	-	-	(399,520)	-	-	-
Appropriations to catastrophic loss reserve		-	-	-	-	68,481	-	-	-	(68,481)	-	-	-
Distributions to shareholders of the parent		-	-	-	-	-	-	-	-	(1,911,591)	(1,911,591)	-	(1,911,591)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(45,537)	(45,537)
Others		-	(1,397)	-	-	-	-	-	-	-	(1,397)	-	(1,397)
<b>As at 31 December 2022</b>		<b>42,479,808</b>	<b>10,684,516</b>	<b>3,132,644</b>	<b>7,306,057</b>	<b>212,951</b>	<b>(19,844)</b>	<b>(4,108,885)</b>	<b>(408,161)</b>	<b>26,738,571</b>	<b>86,017,657</b>	<b>8,655,021</b>	<b>94,672,678</b>

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the parent												
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Reserves			Retained profits	Subtotal	Non-controlling interests	Total equity
							Defined benefit obligation	Fair value reserve	Exchange reserve				
As at 1 January 2021		42,479,808	10,599,448	2,548,437	6,118,790	74,519	409	7,122,982	(392,287)	24,476,359	93,028,465	9,872,389	102,900,854
Profit for the year (Restated, Note 60)		-	-	-	-	-	-	-	-	5,954,062	5,954,062	(59,288)	5,894,774
Other comprehensive income (Restated, Note 60)	19	-	-	-	-	-	45,737	(4,520,867)	(144,895)	-	(4,620,025)	(336,490)	(4,956,515)
<b>Total comprehensive income</b> (Restated, Note 60)		-	-	-	-	-	45,737	(4,520,867)	(144,895)	5,954,062	1,334,037	(395,778)	938,259
Appropriations to surplus reserve (Restated, Note 60)		-	-	259,159	-	-	-	-	-	(259,159)	-	-	-
Appropriations to general risk reserve (Restated, Note 60)		-	-	-	787,747	-	-	-	-	(787,747)	-	-	-
Appropriations to catastrophic loss reserve		-	-	-	-	69,951	-	-	-	(69,951)	-	-	-
Distributions to shareholders of the parent		-	-	-	-	-	-	-	-	(1,741,672)	(1,741,672)	-	(1,741,672)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(94,185)	(94,185)
Others		-	86,465	-	-	-	-	-	-	-	86,465	-	86,465
As at 31 December 2021 (Restated, Note 60)		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

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
<b>Operating activities</b>			
Cash generated from operations	50(a)	13,201,221	11,230,699
Income tax paid		(1,491,664)	(1,669,501)
<b>Net cash flows generated from operating activities</b>		<b>11,709,557</b>	<b>9,561,198</b>
<b>Investing activities</b>			
Interests received		9,364,984	8,432,582
Dividends received		3,346,861	2,334,392
Purchases of property and equipment, investment properties and intangible assets		(397,683)	(442,697)
Proceeds from disposals of property and equipment, investment properties and intangible assets		597	27,508
Purchases of investments		(181,051,792)	(203,615,738)
Proceeds from disposals of investments		161,888,760	177,694,154
Disposals of associates		45,950	–
<b>Net cash flows used in investing activities</b>		<b>(6,802,323)</b>	<b>(15,569,799)</b>

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
<b>Financing activities</b>			
Changes in third party investors' interests of consolidated structured entities, net		885,875	300,668
Repayment of borrowings		(9,483,330)	(200,163)
Interests paid		(2,067,120)	(1,931,855)
Cash paid for lease liabilities		(455,042)	(419,804)
Dividends paid to shareholders of the parent		(1,911,591)	(1,741,672)
Dividends paid by subsidiaries to non-controlling interests		(45,537)	(94,185)
Net proceeds from securities sold under agreements to repurchase		873,586	18,098,585
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(12,203,159)</b>	<b>14,011,574</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,295,925)</b>	<b>8,002,973</b>
Cash and cash equivalents at the beginning of the year		22,203,831	14,837,049
Effect of foreign exchange rate changes		508,280	(636,191)
<b>Cash and cash equivalents at the end of the year</b>	50(b)	<b>15,416,186</b>	<b>22,203,831</b>

The accompanying notes on pages 155 to 299 form part of these financial statements.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 CORPORATE INFORMATION

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

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

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

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

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### (1) Basis of preparation

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (2) Basis of measurement

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

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

- financial instruments classified as available-for-sale, financial assets/liabilities at fair value through profit or loss and derivative instruments that have been measured at fair value (see Note 2(14) and Note 2(15)).
- reinsurers' share of insurance contract liabilities and insurance contract liabilities, which have been measured based on actuarial methods (see Note 2(27)).

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

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### IFRS 9 Financial Instruments

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

#### *Classification and measurement of financial assets and financial liabilities*

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (4) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (continued)

##### IFRS 9 Financial Instruments (continued)

###### *Impairment*

IFRS 9 replaces the “incurred loss” model with the “expected credit loss” model which is designed to include forward-looking information. If the expected credit loss model were applied by the Group, the Group believes that the impairment allowance to be recognized by the Group would be generally increased as compared to the amount recognized under the previous “incurred loss” model.

###### *Hedge accounting*

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

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

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

#### IFRS 17, Insurance Contracts

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

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (6) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Changes in accounting estimates

In determining insurance contract liabilities, assumptions such as discount rate, mortality and morbidity, surrender rate, and expense assumptions are applied to long term life and health reinsurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group changed the above assumptions based on current information available as at 31 December 2022 (mainly the risk free discount rate, surrender rate and morbidity rate) and updated estimate for future cash flows, with the corresponding impact on insurance contract liabilities taken into the current year's statement of profit or loss. As a result of such changes in assumptions, long term life and health reinsurance contracts liabilities were increased by RMB1,003 million as at 31 December 2022 (increased by RMB1,141 million as at 31 December 2021) and the profit before tax for the year ended 31 December 2022 was decreased by RMB1,003 million (decreased by RMB1,141 million for the year ended 31 December 2021).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (7) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity where it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary excluding structured entities not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the reporting period between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(14)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(9) if applicable).

For each managed syndicate on which the Group participates, only the relevant proportion of the transactions, assets and liabilities of those Lloyd's syndicates are reflected in the consolidated financial statements. As at 31 December 2022, the Group provided 100% of the capital for Syndicate 2088 and Syndicate 1084, and provided 57% of the capital for Syndicate 1176, and therefore relevant proportion of the transactions, assets and liabilities of those Lloyd's syndicates have been included in the Group's financial statements.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (8) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager. If an asset manager is the agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity. In assessing whether the Group is acting as the principal, the Group considers factors such as scope of the asset manager's decision-making authority; rights held by other parties; remuneration to which it is entitled; and exposure to variability of returns from its involvement with structured entities. The Group will make reassessment when the factors change.

#### (9) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment provisions relating to the investment (see Notes 2 (24)(b)). Any excess over cost at acquisition-date, the Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statements of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statements of comprehensive income.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (9) Associates and joint ventures (continued)

Where the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. Accounting policies of equity accounted investee have been changed where necessary to ensure consistency with the policies adopted by the Group, except for financial instruments for which the associates have applied IFRS 9, as permitted by the Amendments to IFRS 4.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(14)).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (10) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (11) Goodwill

Goodwill represents the excess of

- (a) The aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (b) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (b) is greater than (a), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment provisions. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(24)(b)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

### (12) Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term time deposits, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

### (13) Translation of foreign currencies

Foreign currency transactions are translated at the foreign exchange rates ruling at the transaction dates or at the rates that approximate the spot exchange rates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (13) Translation of foreign currencies (continued)

The functional currencies of certain foreign operations are currencies other than the Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period and their income statements are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

### (14) Investments in debt and equity instruments

The Group's policies for investments in debt and equity instruments, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity instruments are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets. Cost includes transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading and those designated at fair value through profit or loss are classified as financial assets at fair value through profit or loss. Any transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. Dividends or interest earned on these investments are recognised in accordance with the policies set out in Note 2(30)(c) and Note 2(30)(b).

Debt securities that the Group has the ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see Note 2(24)(a)).

Debt instruments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, debt instruments classified as loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses (see Note 2(24)(a)).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (14) Investments in debt and equity instruments (continued)

Investments which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Dividend income from equity securities and interest income from debt securities calculated using the effective interest rate method are recognised in profit or loss in accordance with the policies set out in Note 2(30)(c) and Note 2(30)(b). Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see Note 2(24)(a)), the cumulative gain or loss recognised in equity is reclassified to profit or loss.

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

### (15) Derivatives and hedging activities

The Group uses derivatives to hedge its exposure on risks. The Group adopts hedge accounting for derivatives designated as hedging instruments if the hedge is effective. Other derivatives are accounted for as trading financial assets or financial liabilities. Derivatives are recognised at fair value upon initial recognition. The positive fair value is recognised as assets while the negative fair value is recognised as liabilities. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. The Group records the relationship between the hedging instrument and the hedged item as well as its risk management objectives and the strategy of executing the hedging transaction at the beginning of the transaction. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (a) the hedging instrument expires or is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

#### (i) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in profit or loss. The hedging instrument is measured at fair value, with fair value changes recognised in profit or loss. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of the hedging instrument attributable to the risk being hedged. This adjustment is recognised in profit or loss to offset the effect of the gain or loss on the hedging instrument.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (15) Derivatives and hedging activities (continued)

#### (ii) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate at each balance sheet date that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80 % to 125 % for the hedge to be deemed effective.

### (16) Financial assets held under resale agreements and securities sold under agreements to repurchase

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Securities sold under agreements to repurchase are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under agreements to repurchase in the statements of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under agreements to repurchase continue to be recognised in the statements of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest rate method and is included in interest income and interest expenses, respectively.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (17) Reinsurance debtors and other receivables

Reinsurance debtors represent receivables from reinsurance contracts.

Reinsurance debtors and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, less allowance for impairment of doubtful debts (see Note 2(24)(a)), except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

### (18) Policyholders' deposits, investment contract liabilities, reinsurance and other payables

Obligations under contracts that do not transfer significant insurance risk are accounted for as investment contracts. Reinsurance payables are primarily premiums, benefits and claims payable for outward reinsurance contracts. Policyholders' deposits are the payments received in advance by the Group which represent amounts, including interest, collected from contracts not yet effective as renewal payment as at the end of the reporting period.

Policyholders' deposits, investment contract liabilities, reinsurance and other payables are initially recognised at fair value, and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (19) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### (20) Investment properties

The Group's investment properties are buildings held to earn rental income, rather than for the supply of services or for administrative purposes.

An investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any impairment losses.

Depreciation is computed on the straight-line basis over the estimated useful life. The estimated useful life of investment properties is 15 to 35 years.

The residual value, the useful life and the depreciation method are reviewed at least at end of the reporting period to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the investment properties.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (20) Investment properties (continued)

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the period of retirement or disposal. A transfer to, or from, an investment property is made when, and only when, there is evidence of a change in use.

#### (21) Property and equipment

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses (see Note 2(24)(b)). The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	15 – 35 years
Machinery and equipment	3 – 11 years
Motor vehicles	5 – 8 years
Office and electronic equipment	3 – 8 years
Leasehold improvement	shorter of lease terms and useful life

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents costs of construction of buildings and other items of property as well as costs of equipment under installation. Construction in progress is stated at cost less any impairment losses (see Note 2(24)(b)), and is not depreciated, and is reclassified to the appropriate category of property and equipment when completed and ready for use.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (22) Intangible assets (other than goodwill)

Intangible assets are mainly the value of business acquired, Syndicate capacity, distribution channel, purchased software and etc.

#### (a) Value of business acquired (“VOBA”)

Insurance contract liabilities for insurance business arising from business combination are recognised at the carrying amount. The difference between its carrying value and fair value, calculated as the present value of future profits arising from the enforceable insurance business at the acquisition date, is recorded as VOBA. The calculation of discounted future profits is based on the estimation at the acquisition date using the actuarial assumptions, as well as the cost of capital at the acquisition date and a risk-adjusted discount rate.

VOBA is recognised as an intangible asset on the consolidated statements of financial position, and amortised over the remaining contract periods of the acquired policies.

During the liability adequacy test, the recoverability of VOBA is reviewed based on the actual experience of enforceable business and the updated key assumptions. VOBA is derecognised when underlying insurance contracts are terminated or commuted.

#### (b) Syndicate capacity

Syndicate capacity is arising from business combination, recognised as an intangible asset on the consolidated statements of financial position. Syndicate capacity represents the capacity of Lloyd’s Syndicates allowing the Company to write insurance business in the Lloyd’s market globally and to realise profits from that business. The continuing value of the underwriting capacity is reviewed for impairment annually by reference to the expected future profit streams to be earned from the syndicate, with any impairment in value being charged to the statement of profit or loss. It is deemed to have indefinite useful lives and are therefore not subject to amortization and is stated at cost less any impairment loss (see Note 2(24)(b)).

#### (c) Distribution channel

Distribution channel is arising from business combination, recognised as an intangible asset on the consolidated statements of financial position. Distribution channel represents a network of retail and wholesale brokers worldwide, including specialty and regional brokerages, which allow the Group to form closer relationships with clients and aids business retention. Distribution channel is initially recognised at fair value at the acquisition date and is subsequently measured at cost less accumulated amortisation and impairment provision. It is amortised on a straight-line basis over their estimated useful lives from 10 to 15 years.

#### (d) Software

Purchased software is stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(24)(b)). Software are finite life assets and amortised on a straight-line basis over the assets’ estimated useful lives from 3 to 10 years.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (23) Share capital

#### Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### (24) Impairment of assets

#### (a) Impairment of financial assets

The carrying amounts of financial assets other than those at fair value through profit or loss are reviewed by the Group at the end of the reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment losses are provided. Objective evidence of impairment in the financial asset represents events that occur after the initial recognition of the financial assets and have impact on the estimated future cash flows of the asset, which can be estimated reliably.

Objective evidence that a financial asset is impaired includes, but not limited to:

- significant financial difficulty of the borrower or issuer;
- a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- disappearance of an active market for financial assets because of financial difficulties of the issuer;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost, including:
  - (i) the market price of the equity securities was more than 50% below their cost at the reporting date; or
  - (ii) the market price of the equity securities which were held for less than one year was more than 20% below their cost for a period of at least six months at the reporting date; or
  - (iii) the market price of the equity securities was below their cost for a period of more than one year (including one year) at the reporting date.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (24) Impairment of assets (continued)

#### (a) Impairment of financial assets (continued)

##### *Investments classified as held-to-maturity and loans and receivables, reinsurance debtors and other receivables*

The impairment loss is calculated based on the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

If, in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost at the date of the reversal had the impairment not been recognised.

##### *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost net of any principal repayment and amortisation and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognised in other comprehensive income.

For investments in equity instruments measured at cost, the amount of any impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss. Any impairment loss in respect of available-for-sale equity investments carried at cost should not be reversed.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (24) Impairment of assets (continued)

#### (b) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment;
- right-of-use assets;
- investment properties;
- intangible assets;
- investments in subsidiaries and associates; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (25) Insurance contracts

Insurance contracts are those contracts under which the Group accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (“the insured event”) adversely affects the policyholder or other beneficiary. Insurance risk is risk other than financial risk that is transferred from the holder of a contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract.

The Group’s insurance contracts comprise primary insurance contracts and reinsurance contracts.

### (26) Testing the significance of insurance risk

For contracts that contain both insurance risks and non-insurance risks, and where insurance risks and non-insurance risks can be distinguished and measured separately, the insurance risks and non-insurance risks should be unbundled. Insurance risk components should be treated as insurance contracts while other risk components should be treated as non-insurance contracts. When the insurance risk components and other risk components cannot be distinguished, or could be distinguished but not be measured separately, the entire contract should be treated as an insurance contract if the insurance risk is significant, otherwise it should be treated as a non-insurance contract.

For contracts issued by the Group which require testing the significance of insurance risk, it should be performed at the initial recognition of such contracts.

For reinsurance contracts, the Group uses the contract (or facultative insurance policy) as a basic unit for the risk significance test. Tests can be combined for small business contracts or facultative insurance policies. If it is specified in the terms of a contract that its payment responsibility changes according to another contract’s claim amount, those contracts should be combined for risk significance test. For primary property and casualty insurance contracts, the Group uses the product as a risk significance test unit. If the test results show that insurance accident specified in the contract may result in significant additional benefits paid by the Group, the contract is recognised as a significant risk contract, except for those with no commercial substance. The additional benefits above-mentioned refer to the amount the Group pays when an accident occurs in excess of the amount the Group pays when an accident does not occur. A contract has no commercial substance if it has no identifiable impacts on either the Group or its counter-party’s economic interests.

The Group’s other contracts that do not meet the definition of an insurance contract (“investment contract”) should be recognised and measured according to relevant accounting policies for financial assets or liabilities.

The assumptions used for testing the significance of insurance risk mainly include loss ratio, mortality and morbidity, loss distribution, etc. The Group determines such assumptions based on historical experiences and the estimation on future development trends so as to reflect the Group’s product characteristics and actual claim payments.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (27) Insurance contract liabilities

The Group's insurance contract liabilities include unearned premium reserves, claim reserves and long-term life and health insurance contract reserves. The Group measures the insurance contract reserves at the end of the reporting period.

When the Group calculates the insurance contract reserves, it combines the insurance contracts with homogeneous insurance risks as one measuring unit.

The Group calculates the insurance contract reserves based on the future expected net cash flows arising from insurance contracts with consideration of the time value of money. Future cash inflows mainly include future insurance premium, future salvage and subrogation on incurred claims. Future cash outflows mainly include claims paid to the insureds, surrender payments, and expenses, etc. The reinsurance contracts also take the adjustable commission and profit commission into consideration. If the effect of time value of money is significant, the Group will discount the relative future cash flows. The Group determines the discount rate based on the available information at the end of the reporting period.

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the consolidated statement of profit or loss over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin. Risk margin represents provision for the uncertainty and the degree of impact associated with the future net cash flows. The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. At inception of an insurance contract, any 'day-one' gain is not recognized in the consolidated statement of profit or loss, but included in the insurance contract liabilities as a residual margin. At inception of an insurance contract, any 'day-one' loss is recognized in the consolidated statement of profit or loss. The Group amortizes the residual margin on the basis of sum insured or cash value of policies during the whole insurance coverage period, and will not be adjusted for future change in assumptions.

The Group evaluates the cash flows of insurance contracts and related reinsurance contracts separately. Meanwhile, the Group calculates the corresponding reserves that shall be recovered from the reinsurer and retrocessionaire and recognises the corresponding insurance reserve receivable as an asset.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (27) Insurance contract liabilities (continued)

#### Unearned premium reserves

The Group adopts the higher of the following as the unearned premium reserves for property and casualty, accident and short-term life and health insurance contracts:

- (i) The result of applying 1/8 method, 1/24 method, 1/365 method or risk distribution method on the difference between written premiums and acquisition costs.
- (ii) The discounted net future cash outflows including claim payments for unexpired risks, maintenance expenses, loss adjustment expenses, and corresponding risk margin. Risk margin is determined using the 75% percentile approach, with reference to the relevant industry benchmarks.

The acquisition costs of the Group's reinsurance contracts primarily include reinsurance commissions, and insurance supervision fees, etc. The acquisition costs of the Group's primary insurance contracts primarily include handling charges and commission expenses, taxes and surcharges, statutory insurance fund contributions, insurance supervision fees, and commissions paid to employees working as sales representatives.

The Group calculates the expected future net cash outflows over the entire insurance period to measure the unearned premium reserves.

#### Claim reserves

Claim reserves refer to the provision for incurred events of property and casualty, accident and short-term life and health insurance contracts insured by the Group as primary insurer or reinsurer, including case reserves, incurred but not reported ("IBNR") reserves and loss adjustment expense reserves.

Case reserves represent the reserves for incurred insurance accidents, which have been reported to the Group but not yet settled. As primary insurer, the Group adopts case-by-case loss estimating method and average cost per claim method to measure case reserves, based on the reasonable estimate of the ultimate settlement amount, with consideration of risk margin. In regard to reinsurance contracts, the Group measures case reserves based on the information provided by cedants.

IBNR reserves represent the reserves for incurred insurance events that have not been reported to the Group. Based on the nature and distribution of insurance risk, the pattern of historical claim development, and the latest available claim data, the Group adopts commonly accepted actuarial reserving methods such as the chain ladder methods, average cost per claim method, frequency-severity method, Bornhuetter-Ferguson method and expected loss ratio method to measure IBNR reserves, with consideration of the time value of money and risk margin.

Loss adjustment expense reserves represent reserves for claims related expenses such as settlement fees, legal cost, claim-surveying cost and claim handling staff's salary, on insurance accidents. The Group mainly uses the ratio allocation method to measure loss adjustment expense reserves.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (27) Insurance contract liabilities (continued)

#### Life and health insurance contract reserves

The Group measures long-term life and health insurance contract reserves on the basis of the best estimates of future payments that will be required to fulfil the contractual obligations. These payments refer to the expected net future cash outflows for the insurance contracts, which is the difference between the expected future cash outflows and the expected future cash inflows. The expected future cash outflows are cash outflows incurred to fulfill contractual obligations, consisting of: (i) the guaranteed benefits based on contractual terms, including death claims, disability claims, medical benefits, survival benefits, maturity benefits, etc.; (ii) the non-guaranteed benefits, including policyholder dividends, etc.; and (iii) expenses incurred to manage insurance contracts or to process claims, including loss adjustment expenses, etc. The expected future cash inflows include cash inflows arising from the undertaking of insurance obligations, including premium and other fees.

Margin comprising risk margin and residual margin has been taken into consideration while computing the reserve of life and health insurance contracts. Risk margin is the reserve accrued to compensate for the uncertain amount and timing of future cash flows. Residual margin is the margin for not recognising day-one gain and will be amortised over the life of the contracts. The subsequent measurement of residual margin is independent of the reserve related to best estimate of future discounted cash flows and risk margin. The assumption changes have no effect on the subsequent measurement of residual margin.

The Group determines the assumptions for measuring the unexpired liability reserves on the basis of latest information obtained on the balance sheet date.

For the insurance contracts of which the future returns are not affected by the investment yields of the corresponding investment portfolios, the Group determines the discount rate for computing the unexpired liability reserves on the basis of market interest with equivalent duration and equivalent risk to liability cash outflows. For the insurance contracts of which future returns are affected by the investment yields of corresponding investment portfolios, the Group determines the discount rate for computing the unexpired liability reserves on the basis of expected future investment returns rate of the corresponding investment portfolios.

Based on the historical experience and trend of future development, the Group determines the reasonable estimates as the assumptions, such as mortality rate, morbidity rate, lapse rate and expenses. For future expense which is sensitive to inflation, the Group considers the factors of inflation and the effects of the Group's expense controls to determine the expenses assumptions.

For insurance contracts with renewal rights, if the policyholder is likely to execute the renewal right without adjusting the premium rates, the Group takes the whole insurance period as the expected future net cash outflow period while measuring the reserves.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (27) Insurance contract liabilities (continued)

#### Liability adequacy test

The Group performs liability adequacy tests for unearned premium reserves and reserves for long-term life and health insurance on the balance sheet date. If the result of adequacy test exceeds the carrying amount of the reserves, the carrying amounts of the reserves shall be increased to the adequacy test result. For insurance policies acquired from business combination, the VOBA should be written off first and the deficiencies in excess of VOBA should be treated as additional reserves. And if the related reserve is adequate, no adjustment is made.

### (28) Reinsurance

Cedes reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing income from insurance contracts, the Group determines the amount of premium ceded and reinsurance commission income and recognize them through profit or loss according to reinsurance contracts. As for profit commission, the Group recognizes it as a reinsurance commission income through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be received from the reinsurers. When calculating unearned premium reserves, claim reserves and long-term life and health insurance contracts reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognizes insurance reserve receivable. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, insurance reserve receivables are reduced accordingly. In the meantime, the Group determines the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognizes the amount through profit or loss. When there is an early termination of an insurance contract, the Group determines the adjustment amount of premium ceded and reinsurance commission income according to the reinsurance contracts and recognizes the amount through profit or loss, and the balance of insurance reserve receivable is reversed accordingly.

The Group cedes insurance/reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expenses arising from ceded insurance/reinsurance contracts are presented or disclosed separately from the assets, liabilities, income and expenses arising from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (29) Notes and bonds payable

Notes and bonds payable are initially recognised at fair value, net of transaction costs incurred. Notes and bonds payable are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the expected periods of the notes and bonds using the effective interest method.

### (30) Revenue recognition

The Group's main revenue is recognized on the following bases:

#### (a) Gross written premiums

Gross written premiums in respect of primary property and casualty insurance contracts are recognised as revenue when the amount is determined, which is generally when the risk commences.

Gross written premiums in respect of reinsurance contracts reflect business written during the reporting period. Premiums written include an estimate for written premiums receivable of the current period and adjustments to estimates of premiums written in previous years at period end.

#### (b) Interest income

Interest income for interest bearing financial instruments, is recognized in the consolidated statement of profit or loss using the effective interest rate method for financial assets that are not classified as FVTPL and using the coupon rate for financial assets that are classified as FVTPL.

#### (c) Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

#### (d) Other operating income

Other operating income mainly includes investment contract business income. The operating income of an investment contract is recognized when the relevant economic benefits are likely to flow in and can be measured reliably in accordance with the accounting rules applicable to the relevant business.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (31) Employee benefits

#### (a) Short term employee benefits and defined contribution plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

#### (b) Defined benefit retirement plan obligation

The Group operates several defined benefit retirement plans.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The Group measures the obligations under defined benefit pension plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discounts obligations under the defined benefit retirement plans to determine the present value of the defined benefit liability.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost recognised in the consolidated statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the consolidated statement of comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of profit or loss.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (32) Leases

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (32) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly in office and electronic equipment and small items of office furniture.

### (33) Income tax

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (33) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (34) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (35) Dividends

When the final cash dividends proposed by the directors have been approved by the shareholders and declared, they are recognised as a liability.

### (36) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group;
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (36) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (37) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES

#### (1) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following critical accounting judgements:

##### (a) Significant insurance risk test

The Group performs significant insurance risk test at the time when a contract is recognised, and makes necessary review at the end of the reporting period.

The Group determines whether the reinsurance contracts transfer significant risk using the following methods and thresholds:

##### (i) *Property and casualty reinsurance contracts*

The Group considers property and casualty reinsurance policies with expected reinsurer deficit ("ERD") larger than 1% as reinsurance contracts. When calculating ERD of reinsurance policies, the Group selects appropriate loss distribution, based on its own historical claim experience and stochastic simulation method.

##### (ii) *Life and health reinsurance contracts*

When signing a reinsurance contract (or a facultative policy), the Group determines whether it transfers significant insurance risk based on qualitative assessment or quantitative analysis. In the case that a contract transfers significant insurance risk, it will be determined as a reinsurance contract; otherwise it will be determined as non – reinsurance contract.

When the Group performs significant risk test, for life and health reinsurance business, it considers whether the reinsurance contracts are reasonably self-evidenced. Contracts that are reasonably self-evident are determined as reinsurance contracts. Such conditions include: i) the business having apparent characteristics of transferring insurance risks, namely the ceding company transfers the primary insurance risk of primary insurance business to reinsurer; and ii) no apparent loss participation clauses such as loss compensation, loss distribution pro rata, etc. in place. Businesses that are considered reasonably self-evident need to be reviewed every year to ensure the reasonableness of these conditions. The Group uses scenario testing methods for significant risk test for those contracts not reasonably self-evidenced.

##### (b) Impairment of available-for-sale equity financial instruments

The Group determines that available-for-sale equity financial instruments are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is significant or prolonged requires management judgement. When making such judgement, the Group considers the length of the period over which the fair value is lower than cost and the magnitude of the decline in fair value.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

#### (1) Critical accounting judgements in applying the Group's accounting policies (continued)

##### (c) Significant influence when less than 20% of voting power is held

The Group determines whether it can exercise influence over an investee when it holds, directly or indirectly through subsidiaries, less than 20% of the voting power of the investee, but one or more of the following indicators are present:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

An investee as accounted for as an associate if it is concluded that the Group exercises significant influence over that investee; otherwise, it is accounted for as a financial asset. The reasons for existence of significant influence over some investees, even though the voting power held by the Group is less than 20%, are disclosed in Note 36 to the financial statements.

##### (d) Determination of control over the structured entities

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgment based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities. In assessing whether the Group is acting as the principal, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

#### (2) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period are detailed below, which will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

##### (a) Insurance contract liabilities

###### (i) Property and casualty reinsurance contract reserves

- Risk margin

According to the “Notice for insurance companies on the implementation of Interpretation No. 2 to Accounting Standards for Business Enterprises” (NO. 6 [2010]), issued by the former CIRC, the ratio of final risk margin applied to the unbiased estimate of the present value of future cash flows should generally fall between 2.5% to 15.0%.

When measuring reserves for property and casualty reinsurance contracts, the risk margin has been calculated using the 75% percentile approach with reference to industry benchmarks.

- Discount rates

When determining the reserves, the Group discounts relevant future cash flows if the impact of time value of money is significant. Level of impact depends on the “duration” of insurance liability. If the duration of insurance liability is longer than one year, the time value of money is significant and should be included when determining the reserves; otherwise, it is not compulsory for determining the reserves. For reinsurance contracts underwritten by the Syndicates, Lloyd’s underwriter and Chaucer Insurance Company Designated Activity Company, the Group determines the assumption of discount rate according to the risk-free yield curve published by “European Insurance and Occupational Pensions Authority”, the assumption of discount rates for the Lloyd’s Syndicates used as at 31 December 2022 is 0.8% to 1.3% (31 December 2021: 0.7% to 1.4%).

For the other reinsurance contracts, the Group determines the assumption of discount rate according to the “Yield Curve of Insurance Contract Reserves” published by chinabond.com.cn, without considering liquidity risk premium, tax effect, credit risk premium and so on, the assumption of discount rates for the Group’s other reinsurance business used as at 31 December 2022 is 2.2% to 2.7% (31 December 2021: 2.4% to 2.9%).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

#### (2) Estimation uncertainty (continued)

##### (a) Insurance contract liabilities (continued)

###### (ii) Life and health reinsurance contract reserves

Life and health reinsurance contract reserves are determined by the reasonable estimation of future benefit, expense, premium as well as the risk margin. Assumptions adopted when making reasonable estimations such as mortality rate, morbidity rate, lapse rate, discount rate and loss adjustment expenses are determined by the Group's historical experience and reasonable future expectation. The risk margin reflects the uncertainty of insurance liability brought by the cash flows uncertainty of future benefit, expense and premium.

- Discount rates

For contracts wherein profit in the future is not impacted by the corresponding asset portfolio investment return, the Group uses the "Yield Curve of Insurance Contract Reserves" published by chinabond.com.cn and also considers the liquidity risk, taxation premium and counter-cyclical factors when determining the time value of money.

The discount rates used as at 31 December 2022 are 2.8% to 7.5% (31 December 2021: 3.0% to 6.9%).

- The probability of insurance event

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

- Expense and other assumptions

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

#### (2) Estimation uncertainty (continued)

##### (a) Insurance contract liabilities (continued)

###### (iii) Primary property and casualty insurance contract reserves

- Risk margin  
According to the “Notice for insurance companies on the implementation of Interpretation No. 2 to Accounting Standards for Business Enterprises” (NO. 6 [2010]), issued by the former CIRC, the ratio of final risk margin applied to the unbiased estimate of the present value of future cash flows should generally fall between 2.5% to 15.0%.

The risk margin has been calculated using the 75% percentile approach by the Group, with reference to industry benchmarks.

- Discount rates  
For insurance contracts underwritten by the Lloyd’s Syndicates and Chaucer Insurance Company Designated Activity Company, the Group determines the time value of money according to the risk-free yield curve published by “European Insurance and Occupational Pensions Authority”, the assumption of discount rates for the Lloyd’s Syndicates used as at 31 December 2022 is 0.8% to 1.3% (31 December 2021: 0.7% to 1.4%).

For the other insurance contracts, the Group adopts the “Yield Curve of Insurance Contract Reserves” issued by chinabond.com.cn when determining the time value of money, without considering liquidity risk premium, tax effect, credit risk premium and so on, the assumption of discount rates for the Group’s other insurance business used as at 31 December 2022 is 2.2% to 2.4% (31 December 2021: 2.2% to 2.4%).

##### (b) Fair value of financial instruments

The Group invests primarily in debt investments, equity investments, time deposits, financial assets held under resale agreements and so on. The Group’s significant accounting estimates and judgements regarding investments are related to the recognition of impairment of financial assets and the determination of the fair value. In assessing the impairment, the Group has considered various factors (see Note 2(24)(a)). The fair values of quoted investments are based on current bid prices. The fair value is the price at which two knowing parties transact willingly in a fair trade rather than under on compulsion or in liquidation.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

#### (2) Estimation uncertainty (continued)

##### (b) Fair value of financial instruments (continued)

The Group estimates the fair value of financial instruments using the following methods and assumptions:

- Debt investments, notes and bonds payable and long-term borrowing: usually, fair market value is determined on the basis of its recent quoted market price. If there is no recent quoted market price for reference, fair value is determined by the observed recent transaction price, or comparable investment's recent market price. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques.
- Equity investments: its fair market value is determined on the basis of its recent quoted market price. If there is no recent quoted market price, for the equity investments whose fair value cannot be measured reliably, they can be determined by using valuation techniques.
- Derivatives: its fair market value is determined on the basis of its recent quoted market price. If there is no recent quoted market price, for the derivatives whose fair value cannot be measured reliably, they can be determined by using valuation techniques.
- Time deposits, investments classified as financial assets held under resale agreements, securities sold under agreements to repurchase, short-term borrowing: the book value on the consolidated statements of financial position approximates to fair value.

##### (c) Pipeline premium

Written premiums include pipeline premiums which represent future premiums receivable on in-force underlying insurance contracts. Pipeline premium estimates are typically based on the information provided by the cedant as well as the historical premium development pattern.

##### (d) Impairment of goodwill and intangible assets with infinite useful life

The Group performs goodwill and intangible assets with infinite useful life impairment test annually. The recoverable amount of an asset group or a set of asset groups including goodwill and intangible assets with infinite useful life is the higher of its fair value less costs to disposal and its value-in-use, and the principal assumptions used are set out in Note 35 and Note 37 to the financial statements.

##### (e) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and temporary deductible differences to the extent that it is probable that taxable profit will be available against which the used tax losses and temporary deductible differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the estimated timing and level of future taxable profits as well as the applicable tax rates.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

#### (2) Estimation uncertainty (continued)

##### (e) Deferred tax assets (continued)

There are some uncertainties on the estimation of future taxable profit as it involves a number of estimations for future transactions, including whether the actuarial assumptions and experience are consistent, the performance of future investment market, as well as the impacts of any changes in corporate tax law.

##### (f) Retirement benefit liabilities

The Group measured certain employee retirement benefits using projected unit credit method, when these benefit plans met the definition of defined benefit plans as set out in Note 2(31)(b). Carrying value of these liabilities and the principal assumptions used in measuring these liabilities are set out in Note 46 to the financial statements.

##### (g) Impairment of held-to-maturity investments, investments classified as loans and receivables, reinsurance debtors and other receivables

When there is objective evidence that there is impairment in above investments and receivables, the Group assesses the degree of risk and collectability of each item. The Group needs to recognise an impairment loss in the statement of profit or loss if the present value of expected future cash flows is less than the carrying amount of these assets. The Group mainly considers the financial situation and credit rating of the debtors and changes in the capital market.

Other than impairment for individual receivables, the Group also collectively assesses impairment for receivables. Such collective assessment is carried out for a group of receivables with similar credit risk characteristics. The degree of impairment depends on the timing and amount of future cash flows.

##### (h) Impairment of non-current assets other than financial assets

The Group makes judgement on whether there is an indication that non-current assets other than financial assets may be impaired as at the end of the reporting period. When any such indication exists, the Group performs impairment testing for the asset or a group of assets and makes estimate of the recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The Group determines the recoverable amount according to the higher of the fair value less costs of disposal and the present value of expected future cash flows. Fair value less costs of disposals is determined with reference to the prices in sales agreements or observable market prices of similar assets in fair transactions. When using the present value of estimated future cash flows, management must use the estimated future cash flows of the asset or a group of assets, and select the appropriate discount rate to determine the present value of the future cash flows.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION

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

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

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

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

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION (continued)

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION (continued)

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION (continued)

	2022						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	149,237,584	252,740,772	87,457,364	5,551,314	66,521,687	(40,813,804)	520,694,917
Segment liabilities	(121,652,906)	(234,674,085)	(63,562,122)	(1,576,519)	(11,759,975)	7,203,368	(426,022,239)
<b>Other segment information</b>							
Capital expenditures	(130,650)	(12,978)	(303,486)	(9,264)	(31,771)	-	(488,149)
Depreciation and amortisation	(196,249)	(138,929)	(832,925)	(15,871)	(117,485)	-	(1,301,459)
Interest income	2,777,547	5,474,444	1,442,391	271,890	422,746	-	10,389,018
Impairment losses on financial assets	(221,268)	(899,431)	(138,016)	(10,448)	57,004	-	(1,212,159)
Other impairment loss charges	(10,053)	-	(204,443)	(3,557)	(2,388)	-	(220,441)
	2021 (Restated, Note 60)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	134,851,688	241,533,748	83,553,866	14,619,336	64,427,227	(39,190,108)	499,795,757
Segment liabilities	(106,673,076)	(216,987,837)	(57,611,825)	(10,635,130)	(11,162,614)	5,364,446	(397,706,036)
<b>Other segment information</b>							
Capital expenditures	(68,798)	(27,532)	(311,022)	(9,526)	(42,974)	-	(459,852)
Depreciation and amortisation	(169,262)	(122,332)	(823,189)	(15,989)	(107,274)	-	(1,238,046)
Interest income	2,483,659	5,510,429	1,546,923	145,475	505,993	(11,583)	10,180,896
Impairment losses on financial assets	(323,627)	(721,500)	(229,064)	(3,089)	(125,540)	-	(1,402,820)
Other impairment loss charges	(12,448)	-	(259,305)	(16,153)	(2,820)	-	(290,726)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 5 GROSS AND NET WRITTEN PREMIUMS

#### (a) Gross written premiums

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

#### (b) Premiums ceded to reinsurers and retrocessionaires

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

#### (c) Net written premiums

	2022	2021
Net written premiums	154,464,777	147,756,863

### 6 CHANGES IN UNEARNED PREMIUM RESERVES

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 7 INVESTMENT INCOME

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

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 7 INVESTMENT INCOME (continued)

#### (a) Interest, dividend and rental income (continued)

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

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

#### (b) Realised (losses)/gains

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 7 INVESTMENT INCOME (continued)

#### (c) Unrealised losses

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

#### (d) Impairment losses on financial assets

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 8 OTHER INCOME

	2022	2021
Fee income from investment contracts and insurance related business	3,268,454	2,844,963
Commission income arising from the tax collection of motor vehicles and vessels	31,342	78,424
Management fee income	101,847	77,576
Others	118,130	212,294
<b>Total</b>	<b>3,519,773</b>	<b>3,213,257</b>

### 9 CLAIMS AND POLICYHOLDERS' BENEFITS

	2022		
	Gross	Ceded	Net
Claims incurred	91,007,170	(8,702,787)	82,304,383
– Short-term life and health reinsurance	22,697,442	(4,793,434)	17,904,008
– Property and casualty reinsurance	34,106,362	(1,149,168)	32,957,194
– Primary property and casualty insurance	34,203,366	(2,760,185)	31,443,181
Life and health reinsurance death and other benefits paid	36,464,378	(122,562)	36,341,816
Changes in long-term life and health reinsurance contract liabilities	4,521,175	(1,088,367)	3,432,808
<b>Total</b>	<b>131,992,723</b>	<b>(9,913,716)</b>	<b>122,079,007</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 9 CLAIMS AND POLICYHOLDERS' BENEFITS (continued)

	2021		Net
	Gross	Ceded	
Claims incurred	80,914,982	(7,655,084)	73,259,898
– Short-term life and health reinsurance	20,180,451	(4,401,695)	15,778,756
– Property and casualty reinsurance	27,710,444	(860,068)	26,850,376
– Primary property and casualty insurance	33,024,087	(2,393,321)	30,630,766
Life and health reinsurance death and other benefits paid	35,971,961	(1,257,520)	34,714,441
Changes in long-term life and health reinsurance contract liabilities	11,391,865	(1,861,935)	9,529,930
<b>Total</b>	<b>128,278,808</b>	<b>(10,774,539)</b>	<b>117,504,269</b>

### 10 HANDLING CHARGES AND COMMISSIONS

	2022	2021
Long-term life and health reinsurance	427,217	717,762
Short-term life and health reinsurance	4,511,393	4,012,359
Property and casualty reinsurance	13,582,591	11,462,877
Primary property and casualty insurance	6,325,614	5,927,578
<b>Total</b>	<b>24,846,815</b>	<b>22,120,576</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 11 FINANCE COSTS

	2022	2021
Interest expenses		
Securities sold under agreements to repurchase	995,012	783,627
Notes and bonds payable	680,487	965,047
Long-term borrowings	176,705	262,523
Short-term borrowings	–	3,776
Letter of Credit	53,538	–
Lease liabilities	31,936	36,844
<b>Total</b>	<b>1,937,678</b>	<b>2,051,817</b>

### 12 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	2022	2021 (Restated, Note 60)
Employee costs	5,646,843	5,721,392
Advertising and promotion expenses	1,829,769	1,810,602
Outsourcing costs	3,050,722	2,692,550
Official and travel expenses	652,845	735,623
Interest expenses of policyholders' deposits and investment contracts	1,000,162	1,078,079
Rental expenses (Note)	117,996	151,668
Depreciation and amortisation	1,162,342	1,110,527
Insurance guarantee fund	361,619	310,122
Taxes and surcharges	529,747	520,045
Impairment losses charges	220,441	290,726
Traffic accident rescue expense	26,583	99,872
Bank settlement fee	137,273	135,289
Asset management fee	168,223	112,225
Others	1,906,681	2,106,422
<b>Total</b>	<b>16,811,246</b>	<b>16,875,142</b>

Note: Rental expenses represent lease payments for short-term leases and low-value leases.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 13 PROFIT BEFORE TAX

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

	2022	2021 (Restated, Note 60)
Employee costs (including directors' and supervisors' emoluments) (a) (Note)	6,594,711	6,820,951
Depreciation of property and equipment (Note)	355,401	363,645
Depreciation of investment properties (Note)	219,889	219,864
Amortisation of intangible assets (Note)	283,160	247,277
Depreciation of right-of-use assets (Note)	443,009	407,260
Rental expenses (Note)	117,996	151,668
Auditors' remuneration	10,980	9,600
Impairment losses on available-for-sale financial assets	1,180,870	277,419
Impairment losses on investments classified as loans and receivables	31,289	1,125,401
Impairment losses on premiums receivable	202,356	161,847
Impairment losses of reinsurance debtors	10,052	12,448
Impairment losses in associates	871,954	–
Impairment losses on other assets	8,033	116,431

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

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

	2022	2021 (Restated, Note 60)
Salaries, allowances and performance related bonuses	6,074,516	6,321,898
Defined contribution plan	521,225	494,450
Defined benefit retirement plan	(1,030)	4,603
<b>Total</b>	<b>6,594,711</b>	<b>6,820,951</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 14 DIRECTORS' AND SUPERVISORS' REMUNERATION

The total compensation package for these directors, and supervisors for the year ended 31 December 2022 has not yet been finalised in accordance with regulations of the relevant PRC authorities. The amount of the compensation not provided for is not expected to have a significant impact on the Group's 2022 consolidated financial statements. The final compensation will be disclosed when determined.

	2022							Total
	Fees	Salaries	Discretionary Bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director/supervisor	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	
<b>Executive directors</b>								
Mr. Yuan Linjiang(i)	-	236	222	69	69	-	-	596
Mr. He Chunlei(ii)	-	354	334	106	111	-	-	905
Mr. Zhuang Qianzhi(iii)	-	327	318	105	106	-	-	856
<b>Non-executive directors</b>								
Ms. Wang Xiaoya	-	-	-	-	-	-	-	-
Mr. Liu Xiaopeng	-	-	-	-	-	-	-	-
Mr. Li Bingquan(iv)	-	-	-	-	-	-	-	-
Mr. Yang Changsong(v)	-	-	-	-	-	-	-	-
Mr. Wen Ning(vi)	-	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>								
Mr. Hao Yansu	250	-	-	-	-	-	-	250
Mr. Li Sanxi	250	-	-	-	-	-	-	250
Ms. Mok Kam Sheung	250	-	-	-	-	-	-	250
Ms. Jiang Bo	250	-	-	-	-	-	-	250
<b>Supervisors</b>								
Ms. Xiong Lianhua(vii)	-	89	83	26	24	-	-	222
Mr. Zhu Hailin(viii)	-	177	167	55	64	-	-	463
Mr. Zhu Yong	-	-	-	-	-	-	-	-
Mr. Zeng Cheng	-	-	-	-	-	-	-	-
Mr. Qin Yueguang	-	-	-	-	-	-	-	-
Mr. Li Jingye	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,000</b>	<b>1,183</b>	<b>1,124</b>	<b>361</b>	<b>374</b>	<b>-</b>	<b>-</b>	<b>4,042</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 14 DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

- (i) Mr. Yuan Linjiang ceased to be the chairman and an executive director from 15 September 2022.
- (ii) Mr. He Chunlei has been the chairman from 7 December 2022.
- (iii) Mr. Zhuang Qianzhi has been the vice chairman from 7 December 2022.
- (iv) Mr. Li Bingquan has been a non-executive director from 10 January 2022.
- (v) Mr. Yang Changsong has been a non-executive director from 8 November 2022.
- (vi) Mr. Wen Ning ceased to be a non-executive director from 8 November 2022.
- (vii) Ms. Xiong Lianhua ceased to be the chairman of the board of supervisors and a shareholder representative supervisor from 29 April 2022.
- (viii) Mr. Zhu Hailin has been a shareholder representative supervisor and chairman of the board of supervisors from 1 December 2022. The data include Mr. Zhu Hailin's remuneration before he took office.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 14 DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

	2021							
	Fees	Salaries	Discretionary Bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director/supervisor	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
<b>Executive directors</b>								
Mr. Yuan Linjiang	-	354	334	101	92	-	-	881
Mr. He Chunlei	-	354	334	101	90	-	-	879
Mr. Zhuang Qianzhi(i)	-	292	287	91	81	-	-	751
<b>Non-executive directors</b>								
Ms. Lu Xiuli(ii)	-	-	-	-	-	-	-	-
Mr. Wen Ning	-	-	-	-	-	-	-	-
Ms. Wang Xiaoya	-	-	-	-	-	-	-	-
Mr. Liu Xiaopeng	-	-	-	-	-	-	-	-
Mr. Li Bingquan(iii)	-	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>								
Mr. Hao Yansu	250	-	-	-	-	-	-	250
Mr. Li Sanxi	250	-	-	-	-	-	-	250
Ms. Mok Kam Sheung	250	-	-	-	-	-	-	250
Ms. Jiang Bo	250	-	-	-	-	-	-	250
<b>Supervisors</b>								
Ms. Xiong Lianhua(iv)	-	354	334	101	92	-	-	881
Mr. Zhu Yong	-	-	-	-	-	-	-	-
Mr. Zeng Cheng	-	-	-	-	-	-	-	-
Mr. Qin Yueguang	-	-	-	-	-	-	-	-
Mr. Li Jingye	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,000</b>	<b>1,354</b>	<b>1,289</b>	<b>394</b>	<b>355</b>	<b>-</b>	<b>-</b>	<b>4,392</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 14 DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

- (i) Mr. Zhuang Qianzhi has been an executive director since 16 August 2021.
- (ii) Ms. Lu Xiuli ceased to be a non-executive director with effect from 30 July 2021.
- (iii) Mr. Li Bingquan has been a non-executive director from 10 January 2022.
- (iv) Ms. Xiong Lianhua has been a shareholder representative supervisor and chairman of the board of supervisors from June 4, 2021.

The compensation amounts disclosed above for these directors and supervisors for the year ended 31 December 2021 were same as the finalised amounts determined.

### 15 INDIVIDUALS WITH HIGHEST EMOLUMENTS

	2022	2021
Salaries, allowances and benefits in kind	13,692	13,498
Discretionary bonuses	62,070	57,734
Employer's contribution to a retirement benefit scheme	1,855	1,827
Total	77,617	73,059

None of the five individuals with the highest emoluments are directors or supervisors. The number of these individuals whose remuneration fell within the following bands is as follows:

	2022	2021
RMB 9,000,001 to RMB9,500,000	–	1
RMB 10,000,001 to RMB15,000,000	4	3
RMB 25,000,001 to RMB30,000,000	1	1
Total	5	5

The above emoluments are pre tax. In 2022, the five individuals with the highest emoluments are employed by the overseas insurance subsidiary Chaucer.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 16 INCOME TAX

	2022	2021 (Restated, Note 60)
Current income tax	1,322,674	2,546,154
Deferred income tax	(2,048,738)	(1,332,690)
<b>Total</b>	<b>(726,064)</b>	<b>1,213,464</b>

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

	2022	2021 (Restated, Note 60)
Profit before tax	799,260	7,108,238
Tax at the applicable tax rate of 25%	199,815	1,777,060
The effect of different tax rates of other countries and regions (i)	45,647	(52,948)
Tax effect of non-deductible expenses	89,487	115,003
Tax effect of non-taxable income	(930,071)	(683,174)
Unused tax losses and unrecognised temporary differences for which no deferred tax asset has been recognised	5,835	64,515
Previously unrecognised temporary differences used to reduce deferred tax expense	(74,095)	–
Previously unrecognised tax losses used to reduce deferred tax expense	(4,537)	(15,046)
Adjustments for prior years	(62,148)	(10,519)
Withheld income tax on dividends received from associates	4,003	18,573
<b>Income tax</b>	<b>(726,064)</b>	<b>1,213,464</b>

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 DIVIDENDS

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

### 18 EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary equity shareholders of the parent and the weighted average number of ordinary shares in issue.

	2022	2021 (Restated, Note 60)
Net profit attributable to the shareholders of the parent	1,871,319	5,954,062
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Basic earnings per share (in RMB)	0.04	0.14

#### (b) Diluted earnings per share

	2022	2021 (Restated, Note 60)
Net profit attributable to the shareholders of the parent	1,871,319	5,954,062
Add: Adjustment of profit attributable to the shareholders of the parent from the assumption of the convention of all the convertible bonds issued by an associate (Note)	(674,012)	(502,822)
Net profit attributable to the shareholders of the parent for diluted earnings per share	1,197,307	5,451,240
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Diluted earnings per share (in RMB)	0.03	0.13

Note: The associate of the Group, China Everbright Bank issued convertible bonds with a share conversion period from 17 March 2017 to 16 March 2023 which meet potential ordinary shares under IAS 33. The adjustment of profit attributable to the shareholders of the parent from the assumption of the convention of all the convertible bonds issued by the associate was considered in the calculation of diluted earnings per share.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19 OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX

	2022	2021 (Restated, Note 60)
<b>Items that may not be reclassified subsequently to profit or loss</b>		
Remeasurement of defined benefit liability	(94,988)	78,656
Income tax	28,998	(32,919)
<b>Sub-total</b>	<b>(65,990)</b>	<b>45,737</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Share of other comprehensive income of associates	(163,792)	(25,226)
Less: Reclassification adjustments for amounts transferred to profit or loss	73,982	–
Income tax	34,393	(54,727)
<b>Sub-total</b>	<b>(55,417)</b>	<b>(79,953)</b>
Gains arising from changes in fair value of available-for-sale financial assets	(12,930,511)	(1,042,224)
Less: Reclassification adjustments for amounts transferred to profit or loss		
– Gains on disposal	2,987,861	(4,800,027)
– Impairment losses	1,180,870	277,419
Income tax	1,765,289	789,685
<b>Sub-total</b>	<b>(6,996,491)</b>	<b>(4,775,147)</b>
Exchange differences on translation of financial statements of overseas subsidiaries	134,056	(147,152)
<b>Total</b>	<b>(6,983,842)</b>	<b>(4,956,515)</b>
Attributable to:		
Equity shareholders of the Company	(6,647,969)	(4,620,025)
Non-controlling interests	(335,873)	(336,490)
<b>Total</b>	<b>(6,983,842)</b>	<b>(4,956,515)</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20 CASH AND SHORT-TERM TIME DEPOSITS

	31 December 2022	31 December 2021
Cash at banks and on hand	10,836,666	16,874,624
Time deposits with original maturity of no more than three months	63,681	2,247,565
Other monetary deposits	3,893,527	3,974,097
<b>Total</b>	<b>14,793,874</b>	<b>23,096,286</b>

As at 31 December 2022, cash and short-term time deposits of RMB3,824,920 thousand (31 December 2021: RMB4,358,419 thousand) were restricted from use, which are mainly trading deposits.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2022	31 December 2021
<b>Listed</b>		
<b>Debt investments</b>		
Financial bonds	380,114	264,628
Corporate bonds	6,248,577	5,148,380
<b>Equity securities</b>		
Investment funds	2,150,970	3,251,728
Stocks	1,308,614	2,251,141
<b>Sub-total</b>	<b>10,088,275</b>	<b>10,915,877</b>
<b>Unlisted</b>		
<b>Debt investments</b>		
Government bonds	88,874	40,392
Financial bonds	302,568	183,441
Corporate bonds	40,158	42,960
<b>Equity securities</b>		
Investment funds	2,089,324	1,926,342
Structured notes (Note)	–	1,272,750
Asset management products	415,080	454,943
<b>Sub-total</b>	<b>2,936,004</b>	<b>3,920,828</b>
<b>Total</b>	<b>13,024,279</b>	<b>14,836,705</b>

Note: The structured notes are issued by closed-end funds of which the underlying assets are offshore dollar debt.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Financial assets held under resale agreements of the Group contain only securities held under resale agreements, with details as follows:

	31 December 2022	31 December 2021
Securities – bonds traded in		
Stock exchange	3,632,232	3,465,964
Inter-bank market	815,000	–
<b>Total</b>	<b>4,447,232</b>	<b>3,465,964</b>

### 23 PREMIUMS RECEIVABLE

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

#### (a) Aging analysis

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 PREMIUMS RECEIVABLE (continued)

#### (b) Impairment provision of premiums receivable

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

### 24 REINSURANCE DEBTORS

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

#### (a) Aging analysis

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 24 REINSURANCE DEBTORS (continued)

#### (b) Impairment provision of reinsurance debtors

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

### 25 INVESTMENT CONTRACTS RECEIVABLE

	31 December 2022	31 December 2021
Investment contracts receivable	4,671,122	5,266,570
Less: impairment provision	–	–
Investment contracts receivable, net	4,671,122	5,266,570
Within 3 months (inclusive)	4,671,122	5,266,570
Total	4,671,122	5,266,570
Less: impairment provision	–	–
Net	4,671,122	5,266,570

Investment contracts receivable represents receivable from cedants arising from reinsurance contracts which do not meet the definition of an insurance contract.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26 TIME DEPOSITS

	31 December 2022	31 December 2021
Within 3 months (inclusive)	3,145,152	3,372,058
3 months to 1 year (inclusive)	668,602	293,938
1 to 2 years (inclusive)	6,000,000	3,000,000
2 to 3 years (inclusive)	8,983,371	6,000,000
3 to 4 years (inclusive)	3,000,000	5,700,000
4 to 5 years (inclusive)	–	3,000,000
Total	21,797,125	21,365,996

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 27 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2022	31 December 2021
<b>Listed</b>		
<b>Debt investments</b>		
Government bonds	4,623,372	4,746,755
Financial bonds	3,145,753	2,034,243
Corporate bonds	69,608,978	66,450,645
Subordinated bonds	2,162,603	1,484,254
Assets backed securities	72,824	162,996
<b>Equity securities</b>		
Investment funds	2,021,526	1,175,362
Stocks	26,085,294	24,355,545
Perpetual bonds	3,528,386	4,395,538
<b>Sub-total</b>	<b>111,248,736</b>	<b>104,805,338</b>
<b>Unlisted</b>		
<b>Debt investments</b>		
Government bonds	10,488,162	7,024,325
Financial bonds	19,916,926	16,041,048
Corporate bonds	19,304,415	24,274,581
Subordinated bonds	5,619,317	3,142,934
Other fixed maturity investment	3,403,982	1,122,514
<b>Equity securities</b>		
Investment funds	20,509,276	18,619,600
Unlisted shares	1,337,643	936,464
Equity investment plans	–	412,660
Products from insurance asset managers	1,355,859	1,386,332
<b>Sub-total</b>	<b>81,935,580</b>	<b>72,960,458</b>
<b>Total</b>	<b>193,184,316</b>	<b>177,765,796</b>
Including: Impairment provision	(1,706,461)	(707,052)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 28 HELD-TO-MATURITY INVESTMENTS

	31 December 2022	31 December 2021
<b>Listed</b>		
Government bonds	3,975,597	3,034,596
Financial bonds	1,082,918	868,605
Corporate bonds	12,985,324	9,524,610
Subordinated bonds	1,992,302	1,719,856
<b>Sub-total</b>	<b>20,036,141</b>	<b>15,147,667</b>
<b>Unlisted</b>		
Government bonds	143,002	102,415
Financial bonds	3,964,017	4,557,870
Corporate bonds	8,381,747	10,602,252
Subordinated bonds	6,049,159	6,966,748
<b>Sub-total</b>	<b>18,537,925</b>	<b>22,229,285</b>
<b>Total</b>	<b>38,574,066</b>	<b>37,376,952</b>

As at 31 December 2022, there was no impairment incurred on held-to-maturity investments (31 December 2021: Nil).

### 29 INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	31 December 2022	31 December 2021
Debt investment plans	9,398,500	14,100,000
Trust schemes	12,701,718	10,327,344
Asset backed plans	175,000	1,175,000
Loans	15,694,128	15,737,156
<b>Less: impairment provision</b>	<b>(2,273,721)</b>	<b>(2,242,432)</b>
<b>Total</b>	<b>35,695,625</b>	<b>39,097,068</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 SCOPE OF CONSOLIDATION

(1) Particulars of the Company's primary subsidiaries as at 31 December 2022 are as follows:

Name	Place of Incorporation/ registration	Registered share capital or paid-in capital	Percentage of equity attributable to the Company		Principal activities/ place of operation
			Direct	Indirect	
China Re P&C	Beijing	Registered share capital of RMB11,482,250,000	100.00%	–	Property and casualty reinsurance, China
China Re Life	Beijing	Registered share capital of RMB8,170,000,000	100.00%	–	Life and health reinsurance, China
China Continent Insurance	Shanghai	Registered share capital of RMB15,115,918,986	64.30%	–	Primary property and casualty insurance, China
China Re AMC	Beijing	Registered share capital of RMB1,500,000,000	70.00%	26.43%	Management of insurance investments, China
Huatai Insurance Agency and Consultant Service Limited (“Huatai Insurance Agency”)	Beijing	Registered share capital of RMB50,000,000	52.50%	–	Insurance brokerage, risk evaluation and management, China
China Re UK Limited	London	Paid-in capital of GBP 95,300,000	100.00%	–	Property and casualty reinsurance, UK
China Re Underwriting Agency Limited	London	Paid-in capital of GBP 18,000,000	100.00%	–	Underwriting agency, UK
China Re Hong Kong Company Limited	Hong Kong	Paid-in capital of USD350,000,000	100.00%	–	Investment Holding, HK
China Re Asset Management (Hong Kong) Company Limited	Hong Kong	Paid-in capital of HKD100,000,000	–	96.43%	Investment management, HK
China Continent Insurance E-commerce Co.Ltd	Ningbo	Registered share capital of RMB1,200,000,000	–	64.30%	E-commerce, China

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 SCOPE OF CONSOLIDATION (continued)

(1) Particulars of the Company's primary subsidiaries as at 31 December 2022 are as follows: (continued)

Name	Place of Incorporation/ registration	Registered share capital or paid-in capital	Percentage of equity attributable to the Company		Principal activities/ place of operation
			Direct	Indirect	
China Continent Insurance Agent Co. Ltd	Shanghai	Registered share capital of RMB150,000,000	–	64.30%	Insurance brokerage, China
China Re Catastrophe Risk Management Company Ltd	Chongqing	Registered share capital of RMB100,000,000	–	70.00%	Risk advisory, management consulting, China
China Re International Company Limited	London	Paid-in capital of USD320,000,000	–	100.00%	Investment Holding, UK
CRIH	London	Paid-in capital of USD475,919,560	–	100.00%	Investment Holding, UK
Chaucer Holdings Limited	London	Paid-in capital of GBP 139,296,892	–	100.00%	Property and casualty reinsurance, Primary property and casualty insurance, UK
China Reinsurance (Hong Kong) Company Limited	Hong Kong	Paid-in capital of HKD4,000,000,000	–	100.00%	Life and annuity reinsurance, HK
CIC	Dublin	Paid-in capital of USD1,000,001	–	100.00%	Specialty insurance, Ireland
CRAH	Sydney	Paid-in capital of AUD 16,574,495	–	100.00%	Insurance agent, broker services, Australia
China Reinsurance Finance Corporation Limited	British Virgin Islands	Paid-in capital of HKD60,000,000	–	96.43%	Bond Issue and Investment, HK

Note: As at 31 December 2022, all the Company's primary subsidiaries registered in mainland China are companies with limited liabilities.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 SCOPE OF CONSOLIDATION (continued)

(2) As at 31 December 2022, the Company consolidated the following structured entities:

Name	Paid-in capital	Attributable equity interest	Principal activities
China Re Zhongzai Alternative Equity Fund	RMB 1,104,918,928	100.00%	Investment in private equity
China Re Bairong Shimao Mall Debt Investment Plans	RMB 7,460,000,000	91.11%	Investment in loans
China Re Subway Sixteen Equity Investment Plans	RMB 7,000,000,000	65.00%	Investment in loans
China Re Fangzheng Hangzhou Real Estate Debt Investment Plans	RMB 500,000,000	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Hongdao Trust Investment Plans	RMB 172,782,866	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Xining Trust Investment Plans	RMB 179,358,607	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Tongtian Trust Investment Plans	RMB 182,709,872	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Guangde Trust Investment Plans	RMB 199,276,800	100.00%	Investment in loans
China Re Ruiqi Asset Management Product	RMB 335,869,169	100.00%	Investment in debt/debt investment plan
China Re Ruiqi 2nd Asset Management Product	RMB 2,848,926	70.23%	Investment in debt
China Re Ruiqi 3rd Asset Management Product	RMB 1,100,616,077	100.00%	Investment in debt/equity
China Re Ruiqi 6th Asset Management Product	RMB 606,544,644	100.00%	Investment in debt/equity
China Re Ruiqi 7th Asset Management Product	RMB 416,958,957	100.00%	Investment in debt/equity
China Re Ruiqi 9th Asset Management Product	RMB 424,719,489	100.00%	Investment in debt/equity
China Re Ruiqi 10th Asset Management Product	RMB 350,613,615	90.74%	Investment in debt/equity
China Re Ruiqi 11th Asset Management Product	RMB 417,934,684	100.00%	Investment in debt/equity

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 SCOPE OF CONSOLIDATION (continued)

(2) As at 31 December 2022, the Company consolidated the following structured entities:  
(continued)

Name	Paid-in capital	Attributable equity interest	Principal activities
China Re Ruiqi 12th Asset Management Product	RMB415,798,805	100.00%	Investment in debt/equity
China Re Value Growth Asset Management Product	RMB546,000,250	100.00%	Investment in equity
China Re Healthy Life Asset Management Product	RMB472,000,250	100.00%	Investment in equity
China Re Hong Kong Stock Connect Program	RMB460,000,250	100.00%	Investment in equity
China Re Industry Prosperity and Hedge Asset Management Product	RMB457,000,250	100.00%	Investment in equity
China Re FOF Active configuration 1st Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re FOF Flexible configuration 1st Asset Management Product	RMB61,500,025	100.00%	Investment in debt/equity
China Re Ruicheng 2nd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 3rd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 4th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 6th Asset Management Product	RMB547,674,938	100.00%	Investment in debt/equity
China Re Ruicheng 7th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 9th Asset Management Product	RMB122,541,211	49.56%	Investment in debt/equity
China Re Wengying 1st Asset Management Product	RMB210,500,030	100.00%	Investment in debt/equity
China Re Peace of mind income 2nd Asset Management Product	RMB3,300,005	100.00%	Investment in debt
China Re Peace of mind income 3rd Asset Management Product	RMB3,300,005	100.00%	Investment in debt

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 SCOPE OF CONSOLIDATION (continued)

- (2) As at 31 December 2022, the Company consolidated the following structured entities: (continued)

Name	Paid-in capital	Attributable equity interest	Principal activities
China Re Peace of mind income 16th Asset Management Product	RMB600,008	50.00%	Investment in debt
China Re Solid harvest more measurement slightly 1st Asset Management Product	RMB3,300,005	100.00%	Investment in debt
China Re Solid harvest more measurement slightly 2nd Asset Management Product	RMB3,300,005	100.00%	Investment in debt
China Re Ruitong 1st Asset Management Product	RMB307,507,131	92.52%	Investment in debt/equity
China Re Infrastructure Construction REITs Asset Management Product	RMB12,000,000	100.00%	Investment in debt

### 31 STATUTORY DEPOSITS

In accordance with relevant provision of Insurance Law of the PRC, the Company, China Re P&C, China Re Life and China Continent Insurance should place certain portion of its issued capital as restricted statutory deposits, respectively.

Details of the Group's statutory deposits are as follows:

	31 December 2022	31 December 2021
The Company	10,021,318	9,521,318
China Re P&C	3,400,000	2,400,000
China Re Life	4,500,000	3,900,000
China Continent Insurance	3,076,179	3,023,184
<b>Total</b>	<b>20,997,497</b>	<b>18,844,502</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 32 INVESTMENT PROPERTIES

	Buildings
<b>Cost</b>	
Balance at 1 January 2021	6,863,956
Additions during the year	–
Balance at 31 December 2021	6,863,956
Additions during the year	–
Transfers from property and equipment	1,179
Balance at 31 December 2022	6,865,135
<b>Less: Accumulated depreciation</b>	
Balance at 1 January 2021	(386,131)
Charge for the year	(219,864)
Balance at 31 December 2021	(605,995)
Charge for the year	(219,889)
Transfers from property and equipment	(386)
Balance at 31 December 2022	(826,270)
<b>Carrying amount</b>	
Balance at 31 December 2022	6,038,865
Balance at 31 December 2021	6,257,961

The fair values of the investment properties were estimated by the Group, based on valuation performed by JLL (Beijing) Real Estate Appraisal & Consultancy Co., Ltd., independent valuer. It falls under level 3 in the fair value hierarchy. As at 31 December 2022, the fair value of investment properties was RMB7,469 million (31 December 2021: RMB7,591 million).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 33 PROPERTY AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Office and electronic equipment	Construction In progress	Leasehold improvement	Total
<b>Cost</b>							
Balance at 1 January 2021	3,022,952	101,911	307,864	1,043,071	1,484,069	512,133	6,472,000
Additions during the year	241	4,153	13,183	90,706	22,319	34,875	165,477
Transfers upon completion	1,489,730	628	–	6,862	(1,497,220)	–	–
Disposals during the year	–	(7,735)	(21,704)	(53,166)	–	–	(82,605)
<b>Balance at 31 December 2021</b>	<b>4,512,923</b>	<b>98,957</b>	<b>299,343</b>	<b>1,087,473</b>	<b>9,168</b>	<b>547,008</b>	<b>6,554,872</b>
Additions during the year	(7,669)	3,435	12,887	97,311	14,414	85,963	206,341
Transfers upon completion	3,457	32	–	12,248	(15,737)	–	–
Transfers to Investment Properties	(1,179)	–	–	–	–	–	(1,179)
Disposals during the year	–	(2,914)	(13,284)	(24,243)	–	–	(40,441)
<b>Balance at 31 December 2022</b>	<b>4,507,532</b>	<b>99,510</b>	<b>298,946</b>	<b>1,172,789</b>	<b>7,845</b>	<b>632,971</b>	<b>6,719,593</b>
<b>Less: Accumulated depreciation</b>							
Balance at 1 January 2021	(924,482)	(66,188)	(212,777)	(639,731)	–	(374,818)	(2,217,996)
Charge for the year	(139,103)	(9,706)	(26,354)	(122,376)	–	(66,106)	(363,645)
Written back on disposals	–	7,422	20,660	26,065	–	–	54,147
<b>Balance at 31 December 2021</b>	<b>(1,063,585)</b>	<b>(68,472)</b>	<b>(218,471)</b>	<b>(736,042)</b>	<b>–</b>	<b>(440,924)</b>	<b>(2,527,494)</b>
Charge for the year	(144,826)	(8,988)	(22,171)	(109,165)	–	(70,251)	(355,401)
Transfers to Investment Properties	386	–	–	–	–	–	386
Written back on disposals	–	2,597	12,686	24,148	–	–	39,431
<b>Balance at 31 December 2022</b>	<b>(1,208,025)</b>	<b>(74,863)</b>	<b>(227,956)</b>	<b>(821,059)</b>	<b>–</b>	<b>(511,175)</b>	<b>(2,843,078)</b>
<b>Carrying amount</b>							
<b>Balance at 31 December 2022</b>	<b>3,299,507</b>	<b>24,647</b>	<b>70,990</b>	<b>351,730</b>	<b>7,845</b>	<b>121,796</b>	<b>3,876,515</b>
<b>Balance at 31 December 2021</b>	<b>3,449,338</b>	<b>30,485</b>	<b>80,872</b>	<b>351,431</b>	<b>9,168</b>	<b>106,084</b>	<b>4,027,378</b>

As at 31 December 2022, the Group was in the process of completing the ownership documentation of certain buildings with a net carrying value of RMB30 million (31 December 2021: RMB31 million). The management are of the opinion that the Group is entitled to legally and effectively occupy or use the above-mentioned buildings.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34 LEASES

#### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2022	31 December 2021
<b>Right-of-use assets</b>		
Premises	1,069,921	1,230,460
Equipment	1,265	1,716
Vehicles	4,858	2,361
Others	13,552	15,834
<b>Total</b>	<b>1,089,596</b>	<b>1,250,371</b>
<b>Lease liabilities</b>	<b>1,027,728</b>	<b>1,172,466</b>

#### (ii) Additions to right-of-use assets

	2022	2021
Premises	351,400	519,803
Equipment	23	1,883
Vehicles	4,279	2,641
Others	1,682	13,725
<b>Total</b>	<b>357,384</b>	<b>538,052</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34 LEASES (continued)

#### (iii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	31 December 2022	31 December 2021
<b>Depreciation charge of right-of-use assets</b>		
Premises	437,447	403,587
Equipment	457	365
Vehicles	1,776	595
Others	3,329	2,713
<b>Total</b>	<b>443,009</b>	<b>407,260</b>
Interest expense on lease liabilities	31,936	36,844
Expense relating to leases of low-value assets and short-term leases applied the simplified approach	117,996	151,668
<b>Total cash outflow for lease</b>	<b>567,581</b>	<b>578,317</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 INTANGIBLE ASSETS

	VOBA	Syndicate capacity	Distribution channel	Trademark	Software	Total
<b>Cost</b>						
Balance at 1 January 2021	558,120	888,238	572,795	14,355	1,390,713	3,424,221
Additions during the year and exchanges differences	(3,157)	(20,311)	(13,098)	(328)	294,375	257,481
Disposals during the year	–	–	–	–	(2,537)	(2,537)
Balance at 31 December 2021	554,963	867,927	559,697	14,027	1,682,551	3,679,165
Additions during the year and exchanges differences	12,461	80,167	51,697	1,295	281,810	427,430
Disposals during the year	–	–	–	–	(7,057)	(7,057)
Balance at 31 December 2022	567,424	948,094	611,394	15,322	1,957,304	4,099,538
<b>Less: Accumulated amortisation</b>						
Balance at 1 January 2021	(498,719)	–	(86,906)	(1,542)	(594,761)	(1,181,928)
Charge for the year	(15,876)	–	(40,472)	(825)	(190,104)	(247,277)
Disposals for the year	–	–	–	–	–	–
Balance at 31 December 2021	(514,595)	–	(127,378)	(2,367)	(784,865)	(1,429,205)
Charge for the year	(17,604)	–	(58,147)	(1,159)	(206,250)	(283,160)
Disposals for the year	–	–	–	–	1,716	1,716
Balance at 31 December 2022	(532,199)	–	(185,525)	(3,526)	(989,399)	(1,710,649)
<b>Carrying amount</b>						
Balance at 31 December 2022	35,225	948,094	425,869	11,796	967,905	2,388,889
Balance at 31 December 2021	40,368	867,927	432,319	11,660	897,686	2,249,960

The Group performs impairment assessment over Syndicate capacity on an annual basis. Syndicate capacity was recognised from the business combination of CRIH along with the goodwill which was recognised in the same cash-generating units (CGUs). For details, please refer to Note 37.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 36 INVESTMENTS IN ASSOCIATES

	31 December 2022	31 December 2021 (Restated, Note 60)
Book balance		
– Listed shares	20,138,455	18,784,160
– Unlisted shares	2,501,077	6,799,376
<b>Total</b>	<b>22,639,532</b>	<b>25,583,536</b>
Less: impairment provision	–	–
<b>Carrying amount</b>	<b>22,639,532</b>	<b>25,583,536</b>
	<b>2022</b>	<b>2021 (Restated, Note 60)</b>
As at 1 January	25,583,536	25,758,482
Change of the cost	(45,950)	–
Share of profit or loss (i)	(589,649)	1,686,425
Impairment (i)	(871,954)	–
Loss of significant influence (i)	(718,435)	(1,343,353)
Declared dividends	(552,827)	(682,332)
Other comprehensive income	(163,792)	77,849
Other equity movements	(1,397)	86,465
<b>As at 31 December</b>	<b>22,639,532</b>	<b>25,583,536</b>

- (i) Amongst the share of profit or loss for the year ended 31 December 2022, a significant amount of losses was resulted from certain associate that recorded a large amount of losses arising from its operations in 2022. Within 2022 the Group lost significant influence over the associate, as a result the investment in the associate was derecognised and an available-for-sale financial asset was recognised at its then fair value. An impairment loss was also recognized immediately before the derecognition of the associate. The Group engaged a third-party appraisal valuer to estimate the fair value of the available-for-sale financial asset on the date of its initial recognition.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 36 INVESTMENTS IN ASSOCIATES (continued)

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

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

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

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

As 31 December 2022, the fair value of the Group's investment in CEB was below the carrying amount. As a result, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 31 December 2022 as the recoverable amount as determined by a VIU calculation was higher than the carrying value.

The impairment test was performed by comparing the recoverable amount of CEB, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36. Significant management judgement is required in arriving at the best estimate.

Management used a number of assumptions in our VIU calculation:

	2022	2021
Discount rate	11.0%	11.0%
Sustainable growth rate	2.0%	2.0%
Capital adequacy ratio	11.5%	11.5%

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 36 INVESTMENTS IN ASSOCIATES (continued)

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

The following table sets out the key financial statements of the Group's major associate adjusted for fair value adjustments at the time of acquisition and the differences in adopting accounting policies of the Group.

	CEB (in RMB millions)	
	2022	2021
<b>Gross amounts of the associate</b>		
Operating income	151,632	152,751
Profit before tax	55,966	52,941
Net profit (i)	44,807	43,407
Other comprehensive income (i)	(3,742)	1,759
Total comprehensive income (i)	41,065	45,166
Total assets	6,299,229	5,900,788
Total liabilities	5,790,497	5,417,703
Net assets attributable to ordinary shareholders	397,540	372,146
Non-controlling interests	2,130	1,877
<b>Reconciled to the Group's interests in the associate</b>		
Net assets attributable to ordinary shareholders	397,540	372,146
Group's effective interest	4.29%	4.29%
Group's share of net assets of the associate	17,077	15,986
Carrying amount in the financial statements	17,077	15,986
Dividends received from the associate for the year	466	487

- (i) Amount attributable to shareholders of the associate.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 36 INVESTMENTS IN ASSOCIATES (continued)

- (b) Particulars of other associates accounted for using the equity method are summarised as follows:

	2022	2021 (Restated, Note 60)
Aggregate carrying amount of investments	5,562,879	9,597,229
Aggregate amount of share of:		
– Net profit or loss	(2,306,363)	39,307
– Other comprehensive income	(3,720)	(7,987)
– Change in capital reserve	(1,397)	86,465
Total	(2,311,480)	117,785

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 37 GOODWILL

	31 December 2022	31 December 2021
Cost		
– China Re P&C	650,529	650,529
– China Re Life	463,630	463,630
– China Continent Insurance	74,379	74,379
– CRIH	422,640	386,903
– CRAH	20,408	18,682
– CIC	3,366	3,082
<b>Total</b>	<b>1,634,952</b>	<b>1,597,205</b>
Less: impairment provision	–	–
<b>Carrying amount</b>	<b>1,634,952</b>	<b>1,597,205</b>

When assessing the impairment of goodwill and the intangible asset of Syndicate capacity with indefinite life (see Note 35), either the value in use (VIU) or fair value less cost of disposal of the cash-generating unit (CGU) or a group of cash-generating units is used when its amount is higher than the carrying amount the CGU (or the group of CGUs). VIU has been used to conduct the impairment test for the Syndicate capacity included in CRIH and goodwill allocated to the groups of CGUs of China Re P&C, China Continent Insurance, CRIH and CIC. Fair value less cost of disposal has been used to conduct the impairment test for goodwill allocated to the group of CGUs of China Re Life. Expected future cash flows used in the estimation of the VIU and fair value are based on their Group's five years business plans, and cash flows beyond five years are extrapolated using a steady growth rate and terminal value. Key assumptions used include:

	2022	2021
Risk adjusted discount rate	10.0%-12.0%	10.0%-11.0%
Investment yield	4.5%-6.0%	4.5%-6.0%
Sustainable growth rate	1.5%-2.0%	2.0%

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38 DEFERRED TAX ASSETS AND LIABILITIES

#### (a) Deferred tax assets and liabilities

	31 December 2022	31 December 2021 (Restated, Note 60)
Deferred tax assets	7,118,795	3,412,750
Deferred tax liabilities	(830,226)	(1,047,352)

#### (b) Movements of deferred tax assets and deferred tax liabilities

	Balance at 31 December 2021 (Restated, Note 60)	2022		Balance at 31 December 2022
		Credited/ (charged) to profit or loss	Credited/ (charged) to reserves	
Available-for-sale financial assets	(1,125,828)	–	1,765,289	639,461
Financial assets at fair value through profit or loss	49,871	81,110	–	130,981
Impairment provisions	901,062	246,449	–	1,147,511
Reserves	4,632,564	1,008,569	–	5,641,133
Investment in associates	(2,525,644)	689,576	34,393	(1,801,675)
Payables to employees	435,466	74,629	28,998	539,093
Others	(2,093)	(51,595)	45,753	(7,935)
<b>Total</b>	<b>2,365,398</b>	<b>2,048,738</b>	<b>1,874,433</b>	<b>6,288,569</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

#### (b) Movements of deferred tax assets and deferred tax liabilities (Continued)

	Balance at 31 December 2020	2021 (Restated, Note 60)		Balance at 31 December 2021
		Credited/ (charged) to profit or loss	Credited/ (charged) to reserves	
Available-for-sale financial assets	(1,915,513)	–	789,685	(1,125,828)
Financial assets at fair value through profit or loss	(29,397)	79,268	–	49,871
Impairment provisions	622,100	278,962	–	901,062
Reserves	3,473,455	1,159,109	–	4,632,564
Investment in associates	(2,296,859)	(174,058)	(54,727)	(2,525,644)
Payables to employees	308,565	159,820	(32,919)	435,466
Others	128,995	(170,411)	39,323	(2,093)
<b>Total</b>	<b>291,346</b>	<b>1,332,690</b>	<b>741,362</b>	<b>2,365,398</b>

The estimated schedule of recoverability of deferred tax assets and liabilities is shown as follows:

	31 December 2022	31 December 2021 (Restated, Note 60)
To be recovered within 12 months (inclusive)	6,162,616	2,655,863
To be recovered after more than 12 months	125,953	(290,465)
<b>Total</b>	<b>6,288,569</b>	<b>2,365,398</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 39 OTHER ASSETS

	31 December 2022	31 December 2021
Deposits retained by other parties	31,065,352	16,899,994
Interest receivables	5,154,652	4,783,139
Claims prepaid	1,338,834	1,196,762
Overseas deposits	1,327,928	1,184,560
Subscription prepayment for securities and securities clearance receivable	958,981	439,791
Tax prepaid	698,082	435,892
Investment contract assets	71,290	288,935
Receivables from co-insurers for premiums arising from co-insurance	175,471	157,079
Handling charges prepaid	111,508	106,953
Defined benefit plan assets	–	68,763
Deferred expenses	47,415	53,143
Prepayment	6,741	7,986
Others	964,561	984,271
<b>Total</b>	<b>41,920,815</b>	<b>26,607,268</b>
Less: impairment provision	(232,712)	(229,931)
<b>Net</b>	<b>41,688,103</b>	<b>26,377,337</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 40 SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2022	31 December 2021
Securities sold under agreements to repurchase		
– Stock exchange	36,459,604	32,138,031
– Inter-bank market	14,491,108	15,847,552
Total	50,950,712	47,985,583

As at 31 December 2022, bonds with a carrying value of RMB15,468 million (as at 31 December 2021: RMB17,678 million) were pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Group in the interbank market.

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

### 41 REINSURANCE PAYABLES

	31 December 2022	31 December 2021
Reinsurance payables	25,710,982	19,115,393

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 41 REINSURANCE PAYABLES (continued)

#### (a) Aging analysis

	31 December 2022	31 December 2021
Within 3 months (inclusive)	23,266,101	15,013,222
3 months to 1 year (inclusive)	1,280,883	2,526,211
1 to 2 years (inclusive)	419,749	764,119
Over 2 years	744,249	811,841
<b>Total</b>	<b>25,710,982</b>	<b>19,115,393</b>

### 42 INVESTMENT CONTRACT LIABILITIES

	2022	2021
At the beginning of the year	20,786,743	23,990,655
Additions	111,069,018	22,265,080
Payments, surrenders, recaptures	(108,649,273)	(24,250,801)
Fees deducted	(649,701)	(1,718,520)
Interest credited	439,748	544,009
Exchange difference	149,465	(43,680)
<b>At the end of the year</b>	<b>23,146,000</b>	<b>20,786,743</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 43 INSURANCE CONTRACT LIABILITIES

	31 December 2022		
	Insurance contract liabilities	Reinsurers' share	Net
Long-term life and health reinsurance contracts (a)	124,428,933	(4,295,977)	120,132,956
Short-term life and health reinsurance contracts (b)			
– Claim reserves	24,870,293	(7,601,050)	17,269,243
– Unearned premium reserves	6,564,763	(452,017)	6,112,746
Property and casualty reinsurance contracts (c)			
– Claim reserves	54,219,215	(4,777,394)	49,441,821
– Unearned premium reserves	15,710,014	(837,893)	14,872,121
Primary property and casualty insurance contracts (d)			
– Claim reserves	31,329,020	(5,883,097)	25,445,923
– Unearned premium reserves	27,213,348	(1,951,666)	25,261,682
<b>Total insurance contract liabilities</b>	<b>284,335,586</b>	<b>(25,799,094)</b>	<b>258,536,492</b>
	31 December 2021		
	Insurance contract liabilities	Reinsurers' share	Net
Long-term life and health reinsurance contracts (a)	117,073,533	(3,235,136)	113,838,397
Short-term life and health reinsurance contracts (b)			
– Claim reserves	20,433,834	(3,695,247)	16,738,587
– Unearned premium reserves	7,472,161	(422,889)	7,049,272
Property and casualty reinsurance contracts (c)			
– Claim reserves	45,890,574	(5,656,609)	40,233,965
– Unearned premium reserves	14,312,264	(734,638)	13,577,626
Primary property and casualty insurance contracts (d)			
– Claim reserves	26,377,221	(5,429,923)	20,947,298
– Unearned premium reserves	26,399,787	(1,865,385)	24,534,402
<b>Total insurance contract liabilities</b>	<b>257,959,374</b>	<b>(21,039,827)</b>	<b>236,919,547</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 INSURANCE CONTRACT LIABILITIES (continued)

#### (a) Long-term life and health reinsurance contracts

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	106,270,972	(1,423,146)	104,847,826
Additions	46,787,282	(3,026,614)	43,760,668
Payments	(3,078,149)	687,410	(2,390,739)
Surrenders	(32,893,812)	570,110	(32,323,702)
Others	(12,760)	(42,896)	(55,656)
At 31 December 2021	117,073,533	(3,235,136)	113,838,397
Additions	43,838,022	(1,207,390)	42,630,632
Payments	(14,731,951)	(44,010)	(14,775,961)
Surrenders	(21,732,427)	166,572	(21,565,855)
Others	(18,244)	23,987	5,743
At 31 December 2022	124,428,933	(4,295,977)	120,132,956

#### (b) Short-term life and health reinsurance contracts

##### (i) Claim reserves

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	13,671,962	(5,084,886)	8,587,076
Claims incurred	20,180,451	(4,401,695)	15,778,756
Claims paid	(13,418,579)	5,791,334	(7,627,245)
At 31 December 2021	20,433,834	(3,695,247)	16,738,587
Claims incurred	22,697,442	(4,793,434)	17,904,008
Claims paid	(18,260,983)	887,631	(17,373,352)
At 31 December 2022	24,870,293	(7,601,050)	17,269,243

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 INSURANCE CONTRACT LIABILITIES (continued)

#### (b) Short-term life and health reinsurance contracts (continued)

##### (ii) Unearned premium reserves

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	6,035,586	(386,104)	5,649,482
Premiums written	25,904,024	(5,184,737)	20,719,287
Premiums earned	(24,467,449)	5,147,952	(19,319,497)
At 31 December 2021	7,472,161	(422,889)	7,049,272
Premiums written	26,208,597	(5,602,330)	20,606,267
Premiums earned	(27,115,995)	5,573,202	(21,542,793)
At 31 December 2022	6,564,763	(452,017)	6,112,746

#### (c) Property and casualty reinsurance contracts

##### (i) Claim reserves

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	42,300,749	(5,330,864)	36,969,885
Claims incurred	27,710,444	(860,068)	26,850,376
Claims paid	(24,120,619)	534,323	(23,586,296)
At 31 December 2021	45,890,574	(5,656,609)	40,233,965
Claims incurred	34,106,362	(1,149,168)	32,957,194
Claims paid	(25,777,721)	2,028,383	(23,749,338)
At 31 December 2022	54,219,215	(4,777,394)	49,441,821

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 INSURANCE CONTRACT LIABILITIES (continued)

#### (c) Property and casualty reinsurance contracts (continued)

##### (ii) Unearned premium reserves

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	12,556,598	(806,701)	11,749,897
Premiums written	44,313,967	(2,217,875)	42,096,092
Premiums earned	(42,558,301)	2,289,938	(40,268,363)
At 31 December 2021	14,312,264	(734,638)	13,577,626
Premiums written	53,222,846	(3,327,950)	49,894,896
Premiums earned	(51,825,096)	3,224,695	(48,600,401)
At 31 December 2022	15,710,014	(837,893)	14,872,121

#### (d) Primary property and casualty insurance contracts

##### (i) Claim reserves

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	22,778,760	(5,133,395)	17,645,365
Claims incurred	33,024,087	(2,393,321)	30,630,766
Claims paid	(29,425,626)	2,096,793	(27,328,833)
At 31 December 2021	26,377,221	(5,429,923)	20,947,298
Claims incurred	34,203,366	(2,760,185)	31,443,181
Claims paid	(29,251,567)	2,307,011	(26,944,556)
At 31 December 2022	31,329,020	(5,883,097)	25,445,923

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 INSURANCE CONTRACT LIABILITIES (continued)

#### (d) Primary property and casualty insurance contracts (continued)

##### (ii) Unearned premium reserves

	Insurance contract liabilities	Reinsurers' share	Net
At 1 January 2021	25,881,662	(1,559,327)	24,322,335
Premiums written	49,289,279	(4,609,583)	44,679,696
Premiums earned	(48,771,154)	4,303,525	(44,467,629)
At 31 December 2021	26,399,787	(1,865,385)	24,534,402
Premiums written	53,011,426	(5,126,765)	47,884,661
Premiums earned	(52,197,865)	5,040,484	(47,157,381)
At 31 December 2022	27,213,348	(1,951,666)	25,261,682

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 NOTES AND BONDS PAYABLE

	31 December 2022	31 December 2021
Bonds payable	12,999,060	12,997,931
Notes payable	–	9,558,128
<b>Total</b>	<b>12,999,060</b>	<b>22,556,059</b>

The following table indicates the balances of bonds issued by the Group as at the end of 2022:

Issuer	Type	Par value	Coupon rate	Issued year	Maturity
China Re P&C	Supplementary capital bonds	4,000 (in RMB million)	First 5 years: 4.97% Next 5 years: 5.97% (if not redeemed)	2018	2028
China Re Life	Supplementary capital bonds	5,000 (in RMB million)	First 5 years: 4.80% Next 5 years: 5.80% (if not redeemed)	2018	2028
China Re P&C	Supplementary capital bonds	4,000 (in RMB million)	First 5 years: 4.40% Next 5 years: 5.40% (if not redeemed)	2020	2030

### 45 LONG-TERM BORROWINGS

	31 December 2022	31 December 2021
Bank loans	3,826,334	3,499,098
<b>Total</b>	<b>3,826,334</b>	<b>3,499,098</b>

As at 31 December 2022, the Group holds a long-term borrowing of USD550 million (31 December 2021: USD550 million) with a coupon rate of 4.7%, final maturity date is 28 December 2023.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 OTHER LIABILITIES

	31 December 2022	31 December 2021 (Restated, Note 60)
Payable to third party investors of consolidated structured entities	3,274,882	3,496,279
Salaries and welfare payable	2,408,786	2,335,867
Investment contracts payable	1,986,269	2,191,281
Premiums received in advance	1,837,653	1,694,532
Unallocated cash	801,717	1,126,627
Deposits from cedants	1,018,563	1,037,405
Handling charges and commissions payable	759,258	679,265
Payables for acquisition of property and equipment	176,340	528,619
Taxes payable	308,366	332,296
Securities clearance payable	1,839,852	324,270
Withholding vehicle and vessel use tax	309,730	300,163
Claims payable	227,352	189,627
Defined benefit obligation (1)	171,436	151,692
Payable to the insurance guarantee fund	106,456	53,030
Others	3,442,757	2,181,983
<b>Total</b>	<b>18,669,417</b>	<b>16,622,936</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 OTHER LIABILITIES (continued)

#### (1) Defined benefit pension plan obligation

The amount of defined benefit retirement plan obligation and its changes recognised in the financial statements are as follows:

	2022	2021
Opening balance	82,929	181,404
Cost of defined benefit retirement plans included in current profit or loss		
– Interest cost	4,384	5,324
Exchanges differences	(5,414)	(721)
Remeasurement effects recognised in other comprehensive income		
– Actuarial losses/(gains)	94,988	(78,656)
Benefits paid by the plans	(5,451)	(24,422)
Closing balance	171,436	82,929

Chaucer defined benefit pension retirement plan on December 31, 2021 is a surplus, which is listed in other assets of the Group's financial statements. For details, please refer to Note 39.

#### China defined benefit retirement plan

The Group offers the following two defined benefit retirement plans as post – employment benefit to its retired and early retired staff:

- (i) pension benefits for retired staff and pension benefits for early retired staff after they actually retire; and
- (ii) medical allowances.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 OTHER LIABILITIES (continued)

#### (1) Defined benefit pension plan obligation (continued)

##### China defined benefit retirement plan (continued)

Significant actuarial assumptions utilised by the Group when estimating the present value of the obligation of China defined benefit retirement plan are as follows (presented in weighted average):

	2022	2021
Discount rate	3.00%	3.00%
Mortality rate	Note (1)	Note (1)
Expected average life	88	88
Annual growth rate of pension benefits	4%	4%
Annual growth rate of medical allowances	7%	7%

Note (1) The mortality rate used in 2022 is determined based on the China Life Insurance Mortality Table-CL5/CL6 (2010–2013) issued by the former CIRC in 2016 (2021: same).

No plan assets have been created under China defined benefit retirement plan, therefore there is no relevant information on the market value, level of funding, or material surplus or deficiency of the plan assets available for disclosure.

##### Chaucer defined benefit pension retirement plan

Chaucer provides defined benefit pension retirement benefits to certain of its employees. The defined benefit pension retirement benefits provides employee with a fixed benefit based on the employee's length of service and the final retirement salary. The trustee holds and controls the funds of the defined benefit pension retirement benefits. As of 31 December 2001, the defined benefit pension plan was closed to new members and starting from 31 December 2016, and the plan stopped accruing for future salary increases.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 OTHER LIABILITIES (continued)

#### (1) Defined benefit pension plan obligation (continued)

##### Chaucer defined benefit pension retirement plan (continued)

Weighted-average assumptions used to determine Chaucer defined benefit pension retirement obligations are as follows:

	2022	2021
Discount rate	5.01%	1.90%
Rate of salary increases (2)	N/A	N/A
Rate of 5% Retail Price Index (“RPI”) pension increases	3.18%	3.20%
Rate of 2.5% RPI pension increases	2.15%	2.15%
Rate of 5% Consumer Price Index (“CPI”) pension increases	2.73%	2.70%
RPI Inflation	3.34%	3.35%
CPI Inflation	2.72%	2.75%

Note (2) Following the closure of Chaucer defined benefit pension retirement on 31 December 2016, a salary increase is no longer required.

The amounts of Chaucer defined benefit pension retirement obligations recognised in the balance sheet are as follows:

	2022	2021
Present value of defined benefit obligations	581,474	968,871
Fair value of scheme assets	(558,431)	(1,037,634)
Scheme deficit/(surplus)	23,043	(68,763)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 OTHER LIABILITIES (continued)

#### (1) Defined benefit pension plan obligation (continued)

##### Chaucer defined benefit pension retirement plan (continued)

According to the actuarial valuation report, the fair value of the assets under Chaucer defined benefit pension retirement plan as at 31 December 2022 is RMB558,431 thousand (as at 31 December 2021: RMB1,037,634 thousand), the fair value of those assets accounts for 96.04% of the benefits provided to eligible employees (31 December 2021: 107.10%).

### 47 SHARE CAPITAL

	31 December 2022	31 December 2021
Issued and fully paid ordinary shares of RMB1 each		
Domestic shares	35,800,391	35,800,391
H shares	6,679,417	6,679,417
Total	42,479,808	42,479,808

The Company completed its initial public offering of overseas-listed foreign shares (“H Shares”) and was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 October 2015. In this offering, the Company issued 6,072 million H shares in total (including over-allotment of 302 million H shares) with a nominal value of RMB1.00 per share each and an issuance price of HKD2.70 per share. This public offering had raised a total amount of RMB13,443 million. As at 31 December 2022, a total of RMB7,002 million was recorded in share premiums after deducting the share capital of RMB6,072 million and the stock issuance fee.

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

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 48 RESERVES AND RETAINED PROFITS

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statements of changes in equity.

#### (a) Capital reserve

Pursuant to the approval from the Ministry of Finance, the Company recognised assets appraisal surplus from restructuring as capital reserve.

#### (b) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of the Company.

#### (c) General risk reserve

In accordance with the relevant regulations, the general risk reserve should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance business. The Group's respective entities (China Re P&C, China Re Life, China Continent Insurance) would need to make appropriations to such reserve based on their respective profit or year-end risk assets as determined based on applicable financial regulations in the PRC, in their annual financial statements. This reserve is not available for profit distribution or transfer to capital.

#### (d) Catastrophic loss reserve

According to the relevant regulations of the PRC, which became effective from 1 January 2014, China Re P&C and China Continent Insurance are required to make appropriations to a reserve when the agricultural insurance records underwriting profits. This reserve cannot be used for dividend distribution, but can be utilised when there are catastrophic losses. The reserve can be transferred to general risk reserve if the Group ceases writing agricultural insurance business.

According to the relevant regulations of the Notice of the Measure on the Publication Administration of Nuclear Catastrophic Liability Reserve by the CBIRC, the Ministry of Finance, the Ministry of Ecology and Environment (Yin Bao Jian Fa [2020] No. 47) 《銀保監會財政部生態環境部關於印發核保險巨災責任準備金管理辦法的通知》(銀保監發[2020] 47號), the Group are required to make appropriations to a nuclear catastrophic reserve based on 75% of nuclear insurance business underwriting profits (if the annual net profit is less than 75% of the underwriting profit of nuclear insurance business, it will be fully accrued) when the comprehensive cost rate of the annual nuclear insurance business is less than 100%. This reserve cannot be used for dividend distribution or capital increase, but can be utilised when there are catastrophic losses.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 48 RESERVES AND RETAINED PROFITS (continued)

#### (e) Retained profits

As at 31 December 2022, the consolidated retained profits attributable to equity shareholders of the Company included an appropriation of RMB4,179 million to surplus reserve made by subsidiaries (31 December 2021 (Restated, Note 60): RMB4,108 million).

### 49 INTERESTS HELD IN UNCONSOLIDATED STRUCTURED ENTITIES

#### (a) Interests held in structured entities managed by third-party institutions

The Group invests in certain structured entities managed by third-party institutions. Such structured entities mainly include investment funds, asset backed securities, equity investment plan, debt investment plan, and trust schemes. The Group does not consolidate these structured entities. These structured entities are financed through the contracts.

As at 31 December, the carrying value of interests held by the Group in structured entities managed by third-party institutions through direct investments of the Group is set out below:

	31 December 2022		
	Available-for-sale financial assets	Investments classified as loans and receivables	Financial assets at fair value through profit or loss
Investment funds	21,521,420	–	4,240,294
Debt investment plans	1,582,189	8,548,500	–
Trust schemes	1,500,000	12,701,718	–
Assets backed securities	72,824	–	–
Assets backed plans	217,091	175,000	–
Products from insurance asset managers	746,084	–	186,004
Total	25,639,608	21,425,218	4,426,298

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 49 INTERESTS HELD IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

#### (a) Interests held in structured entities managed by third-party institutions (continued)

	31 December 2021		
	Available-for-sale financial assets	Investments classified as loans and receivables	Financial assets at fair value through profit or loss
Investment funds	18,666,482	–	4,324,078
Structured notes	–	–	1,272,750
Debt investment plans	5,595	13,250,000	–
Trust schemes	–	10,327,344	–
Equity investment plans	412,660	–	–
Assets backed securities	162,996	–	–
Assets backed plans	212,455	1,175,000	–
Products from insurance asset managers	666,587	–	–
Other fixed maturity investment	804,462	–	–
<b>Total</b>	<b>20,931,237</b>	<b>24,752,344</b>	<b>5,596,828</b>

The maximum loss exposures of the interests held in structured entities managed by third-party institutions are their carrying amounts at the end of the reporting period.

#### (b) Interests held in the unconsolidated structured entities managed by the Group

Unconsolidated structured entities managed by the Group mainly include the asset management products and third-party entrusted asset management business products sponsored by the Group (debt investment plans). The nature and purpose of these structured entities is to generate asset management fees for the Group by providing investment management services for external investors. As at 31 December 2022, the balances of assets under management held by the asset management products amounted to RMB76,790 million (31 December 2021: RMB2,835 million). As at 31 December 2022, the Group's direct investments in these asset management products amounted to RMB839 million (31 December 2021: RMB992 million). As at 31 December 2022, the balances of assets under management held by the debt investment plans amounted to RMB4,000 million (31 December 2021: RMB4,000 million). As at 31 December 2022, the Group's direct investments in these debt investment plans amounted to RMB950 million (31 December 2021: RMB950 million). The asset management fee income generated from these unconsolidated structured entities amounted to RMB36.0 million (31 December 2021: RMB4.3 million).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 50 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation of profit before tax to cash generated from operations:

	2022	2021 (Restated, Note 60)
<b>Profit before tax</b>	799,260	7,108,238
Adjustments for:		
Investment income	(8,208,719)	(14,764,050)
Exchange losses/(gains), net	346,376	(23,278)
Finance costs	1,937,678	2,051,817
Share of profit or loss of associates	589,649	(1,686,425)
Impairment loss of associates	871,954	–
Impairment provisions charges	220,441	290,726
Depreciation of property and equipment	355,401	363,645
Depreciation of right-of-use assets	443,009	407,260
Depreciation of investment property	219,889	219,864
Amortisation of intangible assets	265,556	231,401
Losses on disposal of property and equipment and intangible assets, net	5,251	2,726
Increase in insurance contract liabilities	20,859,787	29,944,573
Increase/(Decrease) in investment contract liabilities and policyholders' deposits	6,953	(3,632,275)
Increase in reinsurer's share of insurance contract liabilities	(3,880,563)	(1,364,910)
Decrease in premiums receivable	333,142	506,172
Decrease/(Increase) in reinsurance debtors	5,058,404	(980,386)
Decrease in investment contracts receivable	595,448	1,846,303
Increase in reinsurance payables	6,595,589	2,831,248
Increase in other assets	(14,488,904)	(14,086,586)
Increase in other liabilities	275,620	1,964,636
<b>Cash generated from operations</b>	<b>13,201,221</b>	<b>11,230,699</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 50 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (b) Analysis of balances of cash and cash equivalents:

	2022	2021
Cash and short-term time deposits	14,793,874	23,096,286
Add: Financial assets held under resale agreements with original maturity of no more than three months	4,447,232	3,465,964
Less: Restricted cash at banks	(3,824,920)	(4,358,419)
Cash and cash equivalents at end of the year	15,416,186	22,203,831

#### (c) Net Debt Reconciliation

This section sets out an analysis of net debt and movements in net debt for the current year.

	Borrowings	Notes and bonds payable	Securities sold under agreements to repurchase	Leases	Total
Balance as at 1 January 2022	(3,499,098)	(22,556,059)	(47,985,583)	(1,172,466)	(75,213,206)
Cash flows	–	9,483,330	(873,586)	455,042	9,064,786
Acquisition-leases	–	–	–	(278,368)	(278,368)
Foreign exchange adjustments	(327,236)	74,799	–	–	(252,437)
Other non-cash movements	–	(1,130)	(2,091,543)	(31,936)	(2,124,609)
Balance as at 31 December 2022	(3,826,334)	(12,999,060)	(50,950,712)	(1,027,728)	(68,803,834)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 51 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9

According to IFRS 4 Amendments, the Company made the assessment based on the Group's financial position of 31 December 2015, concluding that the carrying amount of the Group's liabilities arising from contracts within the scope of IFRS 4, which includes any deposit components or embedded derivatives unbundled from insurance contracts was greater than 90 percent of its all liabilities. There had been no significant change in the activities of the Group since then that requires reassessment. Therefore, the Group's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from IFRS 9.

- (a) The table below presents the fair value of the following groups of financial assets(i) under IFRS 9 as at 31 December 2022 and fair value changes for the 12 months ended 31 December 2022:

	Fair value as at 31 December 2022	Fair value changes for the 12 months ended 2022
Held for trading financial assets	13,024,279	(718,974)
Financial assets that are managed and whose performance are evaluated on a fair value basis	–	–
Other financial assets		
– Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding (“SPPI”)	188,578,168	(4,991,493)
– Financial assets with contractual terms that do not give rise on SPPI(ii)	81,233,098	(5,189,389)
<b>Total</b>	<b>282,835,545</b>	<b>(10,899,856)</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 51 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9 (continued)

(a) (continued)

	Fair value as at 31 December 2021	Fair value changes for the 12 months ended 2021
Held for trading financial assets	14,836,705	(512,060)
Financial assets that are managed and whose performance are evaluated on a fair value basis	–	–
Other financial assets		
– Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding ("SPPI")	190,427,810	2,107,411
– Financial assets with contractual terms that do not give rise on SPPI(ii)	69,547,013	(8,454,650)
<b>Total</b>	<b>274,811,528</b>	<b>(6,859,299)</b>

- (i) Only including financial assets at fair value through profit or loss, investments classified at loans and receivables, available-for-sale financial assets and held-to-maturity financial assets.
- (ii) It mainly includes stocks, investment funds, unlisted equity investment and products from insurance asset managers.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 51 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9 (continued)

- (b) The table below presents the credit risk exposure (iii) for aforementioned financial assets with contractual terms that give rise on SPPI:

	As at 31 December 2022 Carrying amount(iv)	As at 31 December 2021 Carrying amount(iv)
<b>Domestic</b>		
Rating not required(v)	21,267,594	17,637,325
AAA	108,951,251	118,269,944
AA	2,944,808	8,091,703
A	1,885,684	207,015
BBB	73,218	58,540
BB or below	5,686,279	8,972,030
Non-rating	980,341	1,201,887
<b>Subtotal</b>	<b>141,789,175</b>	<b>154,438,444</b>
<b>Overseas</b>		
AAA	9,114,966	5,217,920
AA	3,432,111	1,921,620
A	17,360,998	9,939,840
BBB	13,218,305	9,787,752
BB or below	900,939	6,233,749
Non-rating	493,955	86,536
<b>Subtotal</b>	<b>44,521,274</b>	<b>33,187,417</b>
<b>Total</b>	<b>186,310,449</b>	<b>187,625,861</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 51 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9 (continued)

- (c) The table below presents the financial assets that are not considered to have low credit risk on the reporting date:

	As at 31 December 2022		As at 31 December 2021	
	Carrying amount(iv)	Fair value	Carrying amount(iv)	Fair value
Domestic	7,460,000	5,339,418	7,960,000	5,688,000
Overseas	900,939	900,939	13,960,903	13,960,903
Total	8,360,939	6,240,357	21,920,903	19,648,903

- (iii) Credit risk ratings for domestic assets are provided by domestic qualified external rating agencies; if no domestic qualified external rating agency could provide credit risk ratings, the Company's internal rating is used; if there is no internal ratings, it is classified as non-rating. Credit risk ratings for overseas assets are provided by overseas qualified external rating agencies.
- (iv) For financial assets measured at amortised cost, carrying amount before adjusting impairment allowance is disclosed here.
- (v) It mainly includes governments bonds and policy financial bonds.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT

#### (1) Insurance risk

An insurance policy's risk lies in uncertainty of insured events and the corresponding paid loss. From the perspective of fundamental nature of each policy, the above risk occurs randomly, and the actual paid amount will differ from the estimated data based on statistical methods for each period. For those policy portfolios using probability theory for pricing and reserve estimation, the main risk the Group faces is that the actual payment exceeds the carrying amount of insurance liability, which will occur when the actual loss occurrence or severity exceeds expected values. Such risk is likely to occur in the following situations:

Occurrence risk – the possibility that the number of insured events will differ from that expected;

Severity risk – the possibility that the cost of the events will differ from that expected; or

Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

Experience shows that the larger the insurance contracts portfolio of the same nature, the smaller the variability of expected results. In addition, a more diversified portfolio is less likely to be impacted by any sub-portfolio's change. The Group has already established insurance underwriting strategy to diversify underwriting risks, and has maintained a sufficient number of policies for different types of insurance risk. Therefore uncertainty of expected results will be reduced.

For the Group's property and casualty insurance and reinsurance contracts, claims are often affected by natural disasters, catastrophes, terrorist attacks and other factors. For the Group's health and accident reinsurance contracts, infectious diseases, huge lifestyle changes, natural disasters and accidents are all important factors that may increase the loss ratio, which may lead to earlier or more claims than expected. For the Group's life reinsurance contracts, the most important factor is that continuous improvement of medical standards and social conditions help to extend life expectancy. Furthermore, policyholders' terminating contracts, reducing and refusing to pay premiums also impact insurance risk, which means that insurance risk is affected by policyholders' behaviours and decisions.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

According to the risk characters, the Group's different departments and subsidiaries manage corresponding insurance risk by determining insurance products' underwriting standards and strategy, and prescribing counterparty risk limits, reinsurance arrangements and claim processing. The Group's assumed insurance liability also incorporates international business underwritten by the former PICC (Group) Company, including asbestos, pollution, health hazard and other potential long-tail risks. Due to such high level of inherent uncertainty in the above business, consisting of relevant payment instability and insurance liability's cognisant uncertainty, the Group cannot completely rule out such significant loss possibilities such as if other reinsurance companies underwrite this kind of business. The Group reduces the uncertainty posted by such business through contacting with ceding companies actively and seeking to settle the liability.

The Group's insurance business mainly comes from Mainland China. The Group's concentration of insurance risk is reflected by its major lines of business as analysed by insurance and reinsurance premium income in Note 5.

#### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business

When measuring insurance contract reserves, the risk margin has been considered and measured at the 75% percentile approach by the Group. The risk margin for claim reserves falls between 2.5% and 15%, while the risk margin for unearned premium reserves falls between 3.0% and 15%. If the Group's calculated risk margin falls above/below the chosen interval, the Group chooses the upper/lower limit as the risk margin.

When determining the reserves, the Group discounts relevant future cash flows if the impact of time value of money is significant. Impact significance depends on the "duration" of insurance liability. If the duration of insurance liability is longer than one year, the time value of money is significant and should be included when determining the reserves; otherwise, it is not compulsory for determining the reserves.

#### *Sensitivity analysis*

Changes of paid loss and other factors of property and casualty, short-term life and health insurance and reinsurance business may impact changes of assumptions and further unpaid claim estimates. If all other variables remain unchanged, a 1% increase in average claim cost will result in a decrease in profit before tax by RMB1,231 million for the years ended 31 December 2022 (31 December 2021: RMB1,024 million).

Several variables' sensitivity cannot be quantified, such as legal changes, uncertainty of loss estimation and so on. In addition, time delay exists among claims occurrence, reporting and closing.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

###### Claim development tables

According to the characteristics of property and casualty, short-term life and health insurance and reinsurance business, the claim development information is disclosed based on accident year for primary insurance and underwriting year for reinsurance respectively:

###### (i) Primary insurance contracts (\*)

Gross

	2017	2018	2019	2020	2021	2022	Total
Cumulated loss estimate							
Year ending	118,476,485	20,563,460	23,133,382	27,370,710	29,763,809	30,835,798	
1 year later	117,970,629	20,566,215	22,708,775	26,281,395	28,648,445		
2 years later	118,038,776	20,631,342	22,713,189	25,642,408			
3 years later	118,032,972	20,680,817	22,773,391				
4 years later	118,127,939	20,633,094					
5 years later	118,111,287						
Estimated cumulated claims	118,111,287	20,633,094	22,773,391	25,642,408	28,648,445	30,835,798	246,644,423
Less: Cumulated claims paid	117,890,104	20,439,874	22,369,629	24,448,059	25,085,481	17,331,160	227,564,307
Add: Adjustments in prior periods and unallocated loss adjustment expense ("ULAE"), discount and risk margin							1,472,612
Estimated unpaid claims							20,552,728

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

##### Claim development tables (continued)

##### (i) Primary insurance contracts (\*) (continued)

Net

	2017	2018	2019	2020	2021	2022	Total
Cumulated loss estimate							
Year ending	100,813,327	18,902,406	21,097,358	24,606,091	27,037,334	28,199,486	
1 year later	100,455,086	18,879,217	20,916,980	23,766,707	26,110,611		
2 years later	100,481,038	18,930,554	20,835,396	23,303,432			
3 years later	100,510,215	18,956,231	20,905,682				
4 years later	100,551,657	18,924,939					
5 years later	100,580,727						
Estimated cumulated claims	100,580,727	18,924,939	20,905,682	23,303,432	26,110,611	28,199,486	218,024,877
Less: Cumulated claims paid	100,409,553	18,792,860	20,567,938	22,430,672	23,077,437	16,185,053	201,463,513
Add: Adjustments in prior periods and ULAE, discount and risk margin							1,292,888
Estimated unpaid claims							17,854,252
Less: Estimated unpaid claims assumed by China Re Group							(1,034,217)
Gross estimated unpaid claims							18,888,469

(\*) Primary insurance contracts presented include the assumed reinsurance business undertaken by China Continent Insurance.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

###### Claim development tables (continued)

##### (ii) Reinsurance contracts

Gross

	2017	2018	2019	2020	2021	2022	Total
Cumulated loss estimate							
Year ending	305,612,572	27,710,670	33,626,600	37,049,759	43,611,122	48,994,855	
1 year later	306,322,113	31,534,418	37,251,264	42,822,178	48,737,167		
2 years later	304,620,503	31,792,528	35,694,525	43,691,722			
3 years later	302,227,312	31,587,414	35,109,044				
4 years later	293,316,922	30,105,006					
5 years later	292,127,102						
Estimated cumulated claims	292,127,102	30,105,006	35,109,044	43,691,722	48,737,167	48,994,855	498,764,896
Less: Cumulated claims paid	288,939,641	27,259,515	29,776,505	33,741,397	29,522,889	8,705,921	417,945,868
Unearned claims	16,002	59,329	78,592	252,639	609,930	18,610,565	19,627,057
Add: Risk margin, discount and ULAE	246,539	257,230	464,225	619,033	1,054,480	1,475,405	4,116,912
Estimated unpaid claims	3,417,998	3,043,392	5,718,172	10,316,719	19,658,828	23,153,774	65,308,883
Less: Estimated unpaid claims assumed by China Continent Insurance							1,354,379
Gross estimated unpaid claims							63,954,504

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

##### Claim development tables (continued)

##### (ii) Reinsurance contracts (continued)

Net

	2017	2018	2019	2020	2021	2022	Total
Cumulated loss estimate							
Year ending	286,438,847	24,658,105	29,946,658	33,749,777	40,284,844	46,502,192	
1 year later	287,087,912	28,406,389	33,443,423	38,191,339	44,155,833		
2 years later	285,432,604	28,035,444	31,713,621	38,418,115			
3 years later	283,300,729	28,169,021	30,973,792				
4 years later	282,049,452	26,707,621					
5 years later	278,937,926						
Estimated cumulated claims	278,937,926	26,707,621	30,973,792	38,418,115	44,155,833	46,502,192	465,695,479
Less: Cumulated claims paid	276,935,276	24,176,498	26,204,787	29,193,327	26,679,823	8,355,166	391,544,877
Unearned claims	14,896	51,070	55,043	233,792	586,331	17,948,605	18,889,737
Add: Risk margin, discount and ULAE	211,639	198,306	376,790	448,309	909,677	1,143,472	3,288,193
Estimated unpaid claims	2,199,393	2,678,359	5,090,752	9,439,305	17,799,356	21,341,893	58,549,058
Less: Estimated unpaid claims assumed by China Continent Insurance							1,249,188
Gross estimated unpaid claims							57,299,870

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

###### Claim development tables (continued)

###### (iii) CRIH and CIC Business

Gross

	2017	2018	2019	2020	2021	2022	Total
Cumulated loss estimate							
Year ending		3,714,720	3,299,411	3,333,553	3,734,542	4,899,565	
1 year later	23,640,555	6,183,734	5,481,119	5,600,552	7,704,951		
2 years later	23,111,102	5,980,445	5,236,331	6,216,651			
3 years later	24,741,276	5,586,153	6,039,374				
4 years later	24,126,657	6,309,983					
5 years later	26,518,508						
Estimated cumulated claims	26,518,508	6,309,983	6,039,374	6,216,651	7,704,951	4,899,565	57,689,032
Less: Cumulated claims paid	21,467,384	4,176,517	3,390,374	2,551,711	1,886,536	314,821	33,787,343
Add: Risk margin, discount and ULAE							2,009,607
Estimated unpaid claims							25,911,296

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

##### Claim development tables (continued)

##### (iii) CRIH and CIC Business (continued)

Net

	2017	2018	2019	2020	2021	2022	Total
Cumulated loss estimate							
Year ending		1,830,464	1,805,935	2,374,179	2,349,487	2,828,990	
1 year later	15,535,645	3,271,173	3,311,986	3,956,565	4,854,800		
2 years later	15,282,158	3,181,660	3,244,548	4,414,191			
3 years later	16,395,420	3,055,603	3,790,302				
4 years later	16,121,875	3,445,060					
5 years later	17,309,977						
Estimated cumulated claims	17,309,977	3,445,060	3,790,302	4,414,191	4,854,800	2,828,990	36,643,320
Less: Cumulated claims paid	14,163,440	2,223,302	2,259,832	1,917,257	1,210,844	197,760	21,972,435
Add: Risk margin, discount and ULAE							1,297,763
Estimated unpaid claims							15,968,648

Note: The Company completed its acquisition of CRIH, a specialist underwriting group that operates through Lloyd's on 28 December 2018. The Company completed the acquisition of CIC on 14 February 2019. These amounts reflected statistics of CRIH and CIC.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

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### 52 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (b) Assumptions and sensitivity analysis for life and health insurance contracts

###### *Major assumptions*

Life and health insurance contract reserve is determined by the Group's reasonable estimate of future payments, premiums and related expenses, as well as considering risk margin. Mortality rates, morbidity rates, lapse rates, discount rates and expense assumptions adopted in reasonable estimation are determined by latest experience study, current and future expectations. Uncertainty of liabilities arisen from the uncertainty of future cash flows including future claim payments, premium and related expenses, etc. are reflected through risk margin.

Residual margin related to life and health insurance contract reserve is amortised during the expected benefit period using assumptions as at policy inception.

###### *Sensitivity analysis*

Significant assumptions involved in reserve calculation include mortality rates, morbidity rates, lapse rates, and discount rate, etc.

	Changes in assumptions	Impact on profit before tax	
		2022	2021
Mortality/morbidity	+10%	(264,686)	(244,935)
Mortality/morbidity	-10%	272,906	251,923
Lapse rate	+10%	14,191	28,534
Lapse rate	-10%	(5,500)	(18,700)
Discount rate	+50bp	1,738,669	1,432,833
Discount rate	-50bp	(1,883,030)	(1,531,847)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk

##### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Group evaluates its credit risks in investments by both qualitative and quantitative analysis, including studying the relevant industry, enterprise management, financial factors, company prospects, as well as the use of internal credit models. The Group mitigates credit risk by using a variety of methods including impositions of aggregate counterparty exposure limits and increasing the diversification of fixed income investment portfolios. The Group is exposed to credit risks primarily associated with commercial banks, investment in bonds, premiums receivable and reinsurance arrangements. Majority of the Group's financial assets are debt investments which include government bonds, financial bonds, corporate bonds, subordinated bonds, debt investment plan, trust schemes and wealth management products with high credit ratings and time deposits in state-owned commercial banks, etc. As at 31 December 2022, 100% (31 December 2021: 100%) of the financial institution bonds held by the Group either had a credit rating of A or above, or were issued by national commercial banks. As at 31 December 2022, 100% (31 December 2021: 100%) of the domestic corporate bonds and short term corporate financing bonds held by the Group had a credit rating of AA or above, 44% (31 December 2021: 26%) of the overseas corporate bonds and short term corporate financing bonds held by the Group had a credit rating of A – or above. The credit rating of domestic and overseas debt investment is provided by qualified external rating agencies at home and abroad; if there is no qualified external rating agency providing credit rating, the Group's internal rating is used. As at 31 December 2022, 51% (31 December 2021: 55%) of the debt investment plan were guaranteed by third parties or collateralized, 48% (31 December 2021: 70%) of the trust schemes were guaranteed by third parties and 100% (31 December 2021: 100%) of the asset backed securities are guaranteed by third parties. For the debt investment plans held by the Group without third party guarantees or collaterals, they are all comply with the regulations of the regulatory authority of exemption from credit enhancement. As at 31 December 2022, there was material breach for few debt investments held by the group. The total book balance for the debt investments were RMB7,960 million. The Group had taken legal measures to preserve and recover the assets of the debt investments and the collateral. The Group performed impairment test about the debt investments based on the accounting standards, and recorded provision for impairment loss of RMB2,274 million in Note 29. As at 31 December 2022, the issuers of bond investments with book balance of about RMB518 million held by the Group has defaulted or suffered significant downgrade of external ratings. The Group performed impairment test about the bond investments based on the accounting standards, and recorded provision for impairment loss of RMB444 million in Note 27.

##### (i) Credit risk exposure

The Group's maximum exposure to credit risk is the carrying amount of the financial assets in the consolidated statement of financial position. The maximum exposure to credit risk in respect of the financial guarantees of the Group as at 31 December 2022 is disclosed in Note 56.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (a) Credit risk (continued)

##### (ii) Aging analysis of financial assets

	2022					Total
	Not due	Financial assets not past due but impaired	Financial assets past due but not impaired		Financial assets past due and impaired	
			within 1 year	after 1 year		
Cash and short-term time deposits	14,793,874	-	-	-	-	14,793,874
Financial assets at fair value through profit or loss fixed maturity	7,060,291	-	-	-	-	7,060,291
Financial assets held under resale agreements	4,447,232	-	-	-	-	4,447,232
Premiums receivable	14,931,790	-	862,833	4,462	913,289	16,712,374
Reinsurance debtors	41,100,627	-	1,562,371	1,019,033	1,145,210	44,827,241
Investment contracts receivable	4,671,122	-	-	-	-	4,671,122
Reinsurers' share of Policy loans	694,578	-	-	-	-	694,578
Time deposits	21,797,125	-	-	-	-	21,797,125
Available-for-sale fixed maturity investments	138,272,184	518,459	-	-	-	138,790,643
Held-to-maturity investments	38,574,066	-	-	-	-	38,574,066
Investments classified as loans and receivables	30,009,346	-	-	-	7,960,000	37,969,346
Statutory deposits	20,997,497	-	-	-	-	20,997,497
Other financial assets	39,485,523	-	-	-	232,712	39,718,235
<b>Sub-total</b>	<b>376,835,255</b>	<b>518,459</b>	<b>2,425,204</b>	<b>1,023,495</b>	<b>10,251,211</b>	<b>391,053,624</b>
Less: impairment provisions	-	(444,311)	-	-	(3,618,941)	(4,063,252)
<b>Total</b>	<b>376,835,255</b>	<b>74,148</b>	<b>2,425,204</b>	<b>1,023,495</b>	<b>6,632,270</b>	<b>386,990,372</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (a) Credit risk (continued)

##### (ii) Aging analysis of financial assets (continued)

	2021					Total
	Not due	Financial assets not past due but impaired	Financial assets past due but not impaired		Financial assets past due and impaired	
			within 1 year	after 1 year		
Cash and short-term time deposits	23,096,286	-	-	-	-	23,096,286
Financial assets at fair value through profit or loss fixed maturity	5,679,801	-	-	-	-	5,679,801
Financial assets held under resale agreements	3,465,964	-	-	-	-	3,465,964
Premiums receivable	14,537,009	-	1,509,104	86,114	711,878	16,844,105
Reinsurance debtors	45,490,252	-	2,173,530	884,512	1,319,289	49,867,583
Investment contracts receivable	5,266,570	-	-	-	-	5,266,570
Reinsurers' share of Policy loans	628,518	-	-	-	-	628,518
Time deposits	21,365,996	-	-	-	-	21,365,996
Available-for-sale fixed maturity investments	125,965,868	518,427	-	-	-	126,484,295
Held-to-maturity investments	37,376,952	-	-	-	-	37,376,952
Investments classified as loans and receivables	33,379,500	-	-	-	7,960,000	41,339,500
Statutory deposits	18,844,502	-	-	-	-	18,844,502
Other financial assets	24,503,151	-	-	-	303,381	24,806,532
<b>Sub-total</b>	<b>359,600,369</b>	<b>518,427</b>	<b>3,682,634</b>	<b>970,626</b>	<b>10,294,548</b>	<b>375,066,604</b>
Less: impairment provisions	-	(216,897)	-	-	(3,365,398)	(3,582,295)
<b>Total</b>	<b>359,600,369</b>	<b>301,530</b>	<b>3,682,634</b>	<b>970,626</b>	<b>6,929,150</b>	<b>371,484,309</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates (interest rate risk), foreign exchange rates (currency risk), and market prices (price risk).

The Group adopts various measures managing market risk, including sensitive analysis, Value-at-Risk (“VaR”), stress testing, scenario analysis and other quantitative models to analyse market risks; mitigating market risk through a diversified investment portfolio; setting acceptable risk tolerance level according to development goals; and tracking the risk control results dynamically to maintain market risk exposure within acceptable level.

##### (i) Interest rate risk

The Group’s interest rate risk arises primarily from fixed maturity financial. Generally financial instruments at fixed rates and at floating rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively.

##### Fair value interest rate risk

The sensitivity analysis below indicates the instantaneous change in the Group’s profit before tax and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period.

	Interest rate change	Impact on equity	
		2022	2021
Financial assets at fair value through profit or loss	+50bp	(93,725)	(61,756)
Financial assets at fair value through profit or loss	-50bp	95,553	63,455
Available-for-sale financial assets	+50bp	(2,124,146)	(1,648,065)
Available-for-sale financial assets	-50bp	2,160,924	1,700,380

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk (continued)

##### (i) Interest rate risk (continued)

Fair value interest rate risk (continued)

	Interest rate change	Impact on profit before tax	
		2022	2021
Financial assets at fair value through profit or loss	+50bp	(93,725)	(61,756)
Financial assets at fair value through profit or loss	-50bp	95,553	63,455
Available-for-sale financial assets	+50bp	–	–
Available-for-sale financial assets	-50bp	–	–

Cash flow interest rate risk

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before tax and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for each reporting date.

	Interest rate change	Impact on profit before tax/equity	
		2022	2021
Floating interest rate debt securities	+50bp	5,106	411
Floating interest rate debt securities	-50bp	(5,106)	(411)
Floating interest rate debt investment plan	+50bp	1,500	1,500
Floating interest rate debt investment plan	-50bp	(1,500)	(1,500)
Floating interest rate deposits	+5bp	2,063	8,424
Floating interest rate deposits	-5bp	(2,063)	(8,424)

##### (ii) Currency risk

Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB, HKD/RMB, GBP/RMB and other currency to RMB exchange rates.

The following table summarises the Group's financial instruments, insurance contract liabilities and reinsurers' share of insurance contract liabilities etc. by major currency at the end of the reporting period, expressed in the RMB equivalent.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk (continued)

##### (ii) Currency risk (continued)

	2022						Total
	RMB	USD	HKD	GBP	EUR	Others	
Cash and short-term time deposits	9,387,232	2,996,822	474,049	1,301,706	213,677	420,388	14,793,874
Financial assets at fair value through profit or loss	11,698,858	647,133	678,288	-	-	-	13,024,279
Derivative financial assets	111,136	2,619	-	-	-	-	113,755
Financial assets held under resale agreements	4,447,232	-	-	-	-	-	4,447,232
Premiums receivable	13,485,328	1,339,363	4,062	370,016	295,163	305,153	15,799,085
Reinsurance debtors	30,033,199	9,286,290	2,775,802	549,190	304,108	1,679,433	44,628,022
Investment contracts receivable	4,384,593	17,790	-	-	-	268,739	4,671,122
Reinsurers' share of insurance contract liabilities	8,780,626	11,856,754	3,162	2,151,373	504,469	2,502,710	25,799,094
Reinsurers' share of policy loans	694,578	-	-	-	-	-	694,578
Time deposits	19,735,199	1,984,700	-	77,226	-	-	21,797,125
Available-for-sale financial assets	131,434,167	52,408,606	6,085,142	877,105	1,047,095	1,332,201	193,184,316
Held-to-maturity investments	33,185,820	5,388,246	-	-	-	-	38,574,066
Investments classified as loans and receivables	34,961,496	734,129	-	-	-	-	35,695,625
Statutory deposits	20,997,497	-	-	-	-	-	20,997,497
Other financial assets	34,253,317	2,764,316	145,382	206,579	128,249	1,987,680	39,485,523
<b>Total</b>	<b>357,590,278</b>	<b>89,426,768</b>	<b>10,165,887</b>	<b>5,533,195</b>	<b>2,492,761</b>	<b>8,496,304</b>	<b>473,705,193</b>
Financial liabilities at fair value through profit or loss	308,062	-	-	-	-	-	308,062
Derivative financial liabilities	-	45,448	-	-	-	-	45,448
Securities sold under agreements to repurchase	41,706,498	9,244,214	-	-	-	-	50,950,712
Reinsurance payables	16,151,798	4,797,618	3,146,790	1,079,895	329,915	204,966	25,710,982
Income tax payable	2,212,808	10,175	10,589	-	-	-	2,233,572
Policyholders' deposits	714,686	367,793	856,633	-	-	-	1,939,112
Investment contract liabilities	21,446,709	408,614	1,290,677	-	-	-	23,146,000
Insurance contract liabilities	198,941,023	59,399,047	10,888,127	3,001,232	3,081,026	9,025,131	284,335,586
Notes and bonds payable	12,999,060	-	-	-	-	-	12,999,060
Long-term borrowings	-	3,826,334	-	-	-	-	3,826,334
Lease liabilities	813,075	339	9,543	185,352	-	19,419	1,027,728
Other financial liabilities	12,502,844	1,731,451	159,954	712,530	251,956	1,473,029	16,831,764
<b>Total</b>	<b>307,796,563</b>	<b>79,831,033</b>	<b>16,362,313</b>	<b>4,979,009</b>	<b>3,662,897</b>	<b>10,722,545</b>	<b>423,354,360</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk (continued)

##### (ii) Currency risk (continued)

	2021 (Restated, Note 60)						Total
	RMB	USD	HKD	GBP	EUR	Others	
Cash and short-term time deposits	9,234,644	9,499,630	765,042	617,684	2,632,564	346,722	23,096,286
Financial assets at fair value through profit or loss	10,258,229	3,625,051	953,425	-	-	-	14,836,705
Derivative financial assets	24,086	412,336	-	-	-	-	436,422
Financial assets held under resale agreements	3,465,964	-	-	-	-	-	3,465,964
Premiums receivable	14,059,449	1,251,308	7,502	366,698	191,202	256,068	16,132,227
Reinsurance debtors	40,669,859	5,490,481	210,669	832,363	582,669	1,900,385	49,686,426
Investment contracts receivable	5,149,443	45,110	-	-	-	72,017	5,266,570
Reinsurers' share of insurance contract liabilities	6,838,386	10,591,301	1,106	1,663,205	258,576	1,687,253	21,039,827
Reinsurers' share of policy loans	628,518	-	-	-	-	-	628,518
Time deposits	17,715,200	1,739,545	-	79,179	1,832,072	-	21,365,996
Available-for-sale financial assets	124,141,515	46,183,771	4,816,952	1,026,291	264,126	1,333,141	177,765,796
Held-to-maturity investments	37,376,952	-	-	-	-	-	37,376,952
Investments classified as loans and receivables	38,319,912	777,156	-	-	-	-	39,097,068
Statutory deposits	18,844,502	-	-	-	-	-	18,844,502
Other financial assets	20,962,413	1,094,939	224,872	352,364	122,415	1,819,598	24,576,601
<b>Total</b>	<b>347,689,072</b>	<b>80,710,628</b>	<b>6,979,568</b>	<b>4,937,784</b>	<b>5,883,624</b>	<b>7,415,184</b>	<b>453,615,860</b>
Financial liabilities at fair value through profit or loss	267,054	-	-	-	-	-	267,054
Securities sold under agreements to repurchase	39,619,343	8,366,240	-	-	-	-	47,985,583
Reinsurance payables	13,766,329	3,538,282	62,728	1,077,191	282,821	388,042	19,115,393
Income tax payable	2,374,328	3,358	18,413	1,031	-	5,432	2,402,562
Policyholders' deposits	1,490,265	574,225	2,226,926	-	-	-	4,291,416
Investment contract liabilities	19,174,457	366,900	1,245,386	-	-	-	20,786,743
Insurance contract liabilities	188,939,432	45,600,860	10,150,886	2,599,329	2,728,006	7,940,861	257,959,374
Notes and bonds payable	12,997,931	9,558,128	-	-	-	-	22,556,059
Long-term borrowings	-	3,499,098	-	-	-	-	3,499,098
Lease liabilities	909,388	598	18,622	225,081	-	18,777	1,172,466
Other financial liabilities	11,884,276	1,177,027	193,824	521,956	178,768	972,553	14,928,404
<b>Total</b>	<b>291,422,803</b>	<b>72,684,716</b>	<b>13,916,785</b>	<b>4,424,588</b>	<b>3,189,595</b>	<b>9,325,665</b>	<b>394,964,152</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk (continued)

##### (ii) Currency risk (continued)

Sensitivity analysis

The analysis below is performed for reasonable possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity of monetary assets and liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables have to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Currency	Changes in exchange rate	Impact on profit before tax		Impact on equity	
		2022	2021	2022	2021
USD	+5%	217,579	362,539	217,579	362,539
USD	-5%	(217,579)	(362,539)	(217,579)	(362,539)
HKD	+5%	(614,078)	(587,708)	(614,078)	(587,708)
HKD	-5%	614,078	587,708	614,078	587,708
GBP	+5%	27,599	25,660	27,599	25,660
GBP	-5%	(27,599)	(25,660)	(27,599)	(25,660)
EUR	+5%	(58,507)	134,701	(58,507)	134,701
EUR	-5%	58,507	(134,701)	58,507	(134,701)

##### (iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to the stock and fund investments whose values will fluctuate as a result of changes in market prices.

The Group uses VaR to measure the expected loss in respect of equity price risk for stock and fund investments measured at fair value. The Group monitors the daily value fluctuation risk over a portent period of 1 day for going concern basis. Moreover, VaR is measured over a holding period of 250 trading days at a confidence level of 95% assumed under normal market condition.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk (continued)

##### (iii) Price risk (continued)

Under normal market conditions, the impact on net equity of 1-day potential loss of equity investments such as stocks and investment funds is estimated using the VaR technique as follows (presented in negative value):

	2022	2021
Financial assets at fair value through profit or loss		
Equity shares	(49,688)	(69,354)
Investment funds	(18,507)	(15,139)
Sub-total	(68,195)	(84,493)
Available-for-sale financial assets		
Equity shares	(528,050)	(466,335)
Investment funds	(100,246)	(87,786)
Sub-total	(628,296)	(554,121)
Total	(696,491)	(638,614)

##### (c) Liquidity risk

Liquidity risk is the risk that the Group fails to obtain sufficient capital to pay off its matured liabilities. During normal operating activities, the Group reduces liquidity risk through matching the maturity date of investment assets with that of financial liabilities and insurance liabilities.

The Group's relevant departments and the asset management company are responsible for managing and monitoring daily liquidity risks, including analysis of liquidity ratio, establishment of short-term and long-term investment strategy and setting up of a liquidity warning system to ensure liquidity safety.

The tables below summarise the remaining contractual maturity profile of the financial assets and financial liabilities, the expected timing of insurance contract liabilities and reinsurers' share of insurance contract liabilities of the Group based on undiscounted cash flows.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (c) Liquidity risk (continued)

	31 December 2022				Total	Carrying amount
	Within 1 year or undated	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
<b>Assets:</b>						
Cash and short-term time deposits	14,793,874	–	–	–	14,793,874	14,793,874
Debt securities carried at fair value through profit or loss	1,162,375	1,982,131	3,641,275	1,001,754	7,787,535	7,060,291
Equity securities carried at fair value through profit or loss	5,963,988	–	–	–	5,963,988	5,963,988
Derivative financial assets	113,755	–	–	–	113,755	113,755
Financial assets held under resale agreements	4,449,007	–	–	–	4,449,007	4,447,232
Premiums receivable	9,816,526	4,236,828	1,721,091	24,640	15,799,085	15,799,085
Reinsurance debtors	43,453,238	842,670	287,659	44,455	44,628,022	44,628,022
Investment contracts receivable	4,671,122	–	–	–	4,671,122	4,671,122
Reinsurers' share of insurance contract liabilities	14,927,893	4,527,197	1,400,222	18,760,984	39,616,296	25,799,094
Reinsurers' share of policy loans	694,578	–	–	–	694,578	694,578
Time deposits	4,136,898	6,629,488	12,731,247	–	23,497,633	21,797,125
Available-for-sale fixed maturity investments	17,949,121	23,123,196	67,909,976	77,044,122	186,026,415	138,346,332
Available-for-sale equity securities	54,837,984	–	–	–	54,837,984	54,837,984
Held-to-maturity investments	5,245,063	3,407,613	13,688,920	28,992,521	51,334,117	38,574,066
Investments classified as loans and receivables	2,358,112	7,234,485	23,733,921	16,422,238	49,748,756	35,695,625
Statutory deposits	13,135,588	1,131,868	7,763,668	–	22,031,124	20,997,497
Other financial assets	31,689,275	(7,078,455)	(25,120,311)	206,443,290	205,933,799	39,485,523
<b>Total</b>	<b>229,398,397</b>	<b>46,037,021</b>	<b>107,757,668</b>	<b>348,734,004</b>	<b>731,927,090</b>	<b>473,705,193</b>
<b>Liabilities:</b>						
Financial liabilities at fair value through profit or loss	308,062	–	–	–	308,062	308,062
Derivative financial liabilities	45,448	–	–	–	45,448	45,448
Securities sold under agreements to repurchase	51,042,838	–	–	–	51,042,838	50,950,712
Reinsurance payables	24,053,029	744,631	653,700	259,622	25,710,982	25,710,982
Income tax payable	2,233,572	–	–	–	2,233,572	2,233,572
Policyholders' deposits	1,520,146	157,887	261,079	–	1,939,112	1,939,112
Investment contract liabilities	(6,916,212)	(4,666,528)	(13,539,492)	213,047,522	187,925,290	23,146,000
Insurance contract liabilities	113,953,848	48,852,291	84,481,509	98,173,946	345,461,594	284,335,586
Notes and bonds payable	9,636,499	176,000	4,176,000	–	13,988,499	12,999,060
Long-term borrowings	3,826,334	–	–	–	3,826,334	3,826,334
Lease liabilities	408,870	273,725	340,712	96,705	1,120,012	1,027,728
Other financial liabilities	16,895,691	213,159	1,287,087	3,808,244	22,204,181	16,831,764
<b>Total</b>	<b>217,008,125</b>	<b>45,751,165</b>	<b>77,660,595</b>	<b>315,386,039</b>	<b>655,805,924</b>	<b>423,354,360</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (c) Liquidity risk (continued)

	31 December 2021 (Restated, Note 60)					Total	Carrying amount
	Within 1 year or undated	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years			
<b>Assets:</b>							
Cash and short-term time deposits	23,096,286	-	-	-	-	23,096,286	23,096,286
Debt securities carried at fair value through profit or loss	865,330	1,141,196	4,230,358	307,430	6,544,314	5,679,801	
Equity securities carried at fair value through profit or loss	9,156,904	-	-	-	9,156,904	9,156,904	
Derivative financial assets	436,422	-	-	-	436,422	436,422	
Financial assets held under resale agreements	3,467,915	-	-	-	3,467,915	3,465,964	
Premiums receivable	9,708,993	4,499,267	1,910,359	13,608	16,132,227	16,132,227	
Reinsurance debtors	48,884,704	508,179	253,716	39,827	49,686,426	49,686,426	
Investment contracts receivable	5,266,570	-	-	-	5,266,570	5,266,570	
Reinsurers' share of insurance contract liabilities	10,400,843	3,366,914	5,685,913	1,388,344	20,842,014	21,039,827	
Reinsurers' share of policy loans	628,518	-	-	-	628,518	628,518	
Time deposits	3,956,597	3,437,171	15,975,651	-	23,369,419	21,365,996	
Available-for-sale fixed maturity investments	18,028,632	15,649,685	58,761,922	76,571,974	169,012,213	126,484,295	
Available-for-sale equity securities	51,281,501	-	-	-	51,281,501	51,281,501	
Held-to-maturity investments	6,250,261	5,548,577	8,459,981	29,124,728	49,383,547	37,376,952	
Investments classified as loans and receivables	13,266,106	5,909,011	14,524,163	19,308,735	53,008,015	39,097,068	
Statutory deposits	3,460,516	13,447,341	3,237,133	-	20,144,990	18,844,502	
Other financial assets	(1,575,040)	1,923,815	(10,046,913)	216,173,837	206,475,699	24,576,601	
<b>Total</b>	<b>206,581,058</b>	<b>55,431,156</b>	<b>102,992,283</b>	<b>342,928,483</b>	<b>707,932,980</b>	<b>453,615,860</b>	
<b>Liabilities:</b>							
Financial liabilities at fair value through profit or loss	267,054	-	-	-	267,054	267,054	
Securities sold under agreements to repurchase	48,094,351	-	-	-	48,094,351	47,985,583	
Reinsurance payables	18,142,775	395,443	433,034	144,141	19,115,393	19,115,393	
Income tax payable	2,402,562	-	-	-	2,402,562	2,402,562	
Policyholders' deposits	3,875,230	118,036	298,150	-	4,291,416	4,291,416	
Investment contract liabilities	(54,854,956)	1,710,031	16,576,326	260,291,381	223,722,782	20,786,743	
Insurance contract liabilities	102,852,781	34,084,615	78,699,187	107,090,209	322,726,792	257,959,374	
Notes and bonds payable	10,217,430	614,800	2,154,400	14,921,600	27,908,230	22,556,059	
Long-term borrowings	262,523	3,507,160	-	-	3,769,683	3,499,098	
Lease liabilities	446,727	345,907	332,075	151,166	1,275,875	1,172,466	
Other financial liabilities	15,885,622	178,783	529,748	3,989,001	20,583,154	14,928,404	
<b>Total</b>	<b>147,592,099</b>	<b>40,954,775</b>	<b>99,022,920</b>	<b>386,587,498</b>	<b>674,157,292</b>	<b>394,964,152</b>	

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (c) Liquidity risk (continued)

The amounts set forth in the tables above for financial assets, borrowings, notes and bonds payable, securities sold under agreements to repurchase, and benefits claims and surrenders payable are undiscounted contractual cash flows. The amounts for insurance and investment contracts in each column are the undiscounted cash flows representing expected future benefit payments taking into consideration of future premiums payments or deposits from policyholders. The results of above estimates are affected by a number of assumptions. The estimate is subject to assumptions related to mortality, morbidity, lapse rates, loss ratio, expenses and other assumptions. Actual experience may differ from estimates. The excess cash inflow from matured financial assets will be reinvested to cover any future liquidity exposures.

### 53 FAIR VALUE MEASUREMENT

#### (1) Financial assets and liabilities measured at fair value

##### Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at 31 December 2022 on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Fair value hierarchy (continued)

	Fair value at 31 December 2022	Fair value measurements as at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Fixed maturity investment	7,060,291	2,593,874	4,466,417	–
– Equity securities	5,963,988	5,023,682	229,076	711,230
Available-for-sale financial assets				
– Fixed maturity investment	138,346,332	2,455,822	132,486,528	3,403,982
– Equity securities	54,837,984	44,331,158	4,138,161	6,368,665
Derivative financial assets	113,755	–	–	113,755
<b>Total Assets</b>	<b>206,322,350</b>	<b>54,404,536</b>	<b>141,320,182</b>	<b>10,597,632</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	(308,062)	–	–	(308,062)
Derivative financial liabilities	(45,448)	–	–	(45,448)
<b>Total Liabilities</b>	<b>(353,510)</b>	<b>–</b>	<b>–</b>	<b>(353,510)</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Fair value hierarchy (continued)

	Fair value at 31 December 2021	Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Fixed maturity investment	5,679,801	1,838,427	3,841,374	–
– Equity securities	9,156,904	6,912,292	1,586,923	657,689
Available-for-sale financial assets				
– Fixed maturity investment	126,484,295	12,359,235	113,002,547	1,122,513
– Equity securities	51,281,501	37,688,098	6,272,140	7,321,263
Derivative financial assets	436,422	–	–	436,422
<b>Total Assets</b>	<b>193,038,923</b>	<b>58,798,052</b>	<b>124,702,984</b>	<b>9,537,887</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
	(267,054)	–	–	(267,054)
Derivative financial liabilities	–	–	–	–
<b>Total Liabilities</b>	<b>(267,054)</b>	<b>–</b>	<b>–</b>	<b>(267,054)</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value.

	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2022	657,689	8,443,776	436,422	–	(267,054)
Additions	–	4,282,503	–	–	–
Disposals	(25,115)	(2,429,285)	(4,332)	–	–
Transfer to Level 3	–	–	–	–	–
Transfer out from Level 3	–	–	–	–	–
Gains/(losses) through profit or loss	27,051	19,122	(331,837)	(38,605)	(41,008)
Gains/(losses) through other comprehensive income	51,605	(543,469)	13,502	(6,843)	–
31 December 2022	711,230	9,772,647	113,755	(45,448)	(308,062)
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2021	701,383	13,582,269	246,287	(172,014)	(214,579)
Additions	–	1,827,950	24,087	–	–
Disposals	(66,547)	(7,485,450)	–	–	–
Transfer to Level 3	–	–	–	–	–
Transfer out from Level 3	–	–	–	–	–
Gains/(losses) through profit or loss	1,070	(4,845)	166,048	172,014	(52,475)
Gains/(losses) through other comprehensive income	21,783	523,852	–	–	–
31 December 2021	657,689	8,443,776	436,422	–	(267,054)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Valuation techniques and inputs used in Level 2 fair value measurements

As at 31 December 2022, most of the prices of debt securities obtained from the valuation service providers are issued by the Chinese government and state-owned organisations. These valuation service providers utilise a discounted cash flow valuation model using observable market parameters, mainly interest rate, to determine a fair value.

During the year ended 31 December 2022, the Group did not transfer securities from Level 1 to Level 2 (During the year ended 31 December 2021: Nil) and did not transfer securities from Level 2 to Level 1 (During the year ended 31 December 2021: Nil).

During the year ended 31 December 2022, the Group did not transfer securities from Level 2 to Level 3 (During the year ended 31 December 2021: Nil) and did not transfer securities from Level 3 to Level 2 (During the year ended 31 December 2021: Nil).

##### Valuation techniques and inputs used in Level 3 fair value measurements

As at 31 December 2022 and 2021, significant unobservable inputs such as discount rate and discounts for lack of marketability were used in the valuation of primarily assets and liabilities at fair value classified as Level 3.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Valuation techniques and inputs used in Level 3 fair value measurements (continued)

The table below presents information about the significant unobservable inputs used for primary assets and liabilities at fair value classified as Level 3 as at 31 December 2022 and 31 December 2021:

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Relationships between fair value and unobservable inputs
	31 December 2022: 32,942	Discounted cash flow method	Discount rate	31 December 2022: 8.99%	The higher of discount rate, the lower the fair value
	31 December 2021: 1,072,652			31 December 2021: 4.43%-4.65%	
Equity securities	31 December 2022: 1,190,980	Comparable companies approach	Discounts for lack of marketability	31 December 2022: 5%-35%	The higher of discounts for lack of marketability, the lower the fair value
	31 December 2021: 1,206,580			31 December 2021: 4%-35%	
	31 December 2022: 5,584,645	Net asset value method	Net asset	31 December 2022: N/A	N/A
	31 December 2021: 5,569,220			31 December 2021: N/A	
Debt securities	31 December 2022: 1,903,983	Discounted cash flow method	Discount rate	31 December 2022: 3.70%-6.06%	The higher of discount rate, the lower the fair value
	31 December 2021: 1,122,513			31 December 2021: 2.01%-4.51%	

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (2) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	31 December 2022		31 December 2022 The fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Assets</b>					
Held-to-maturity financial assets	38,574,066	39,678,673	–	39,678,673	–
Investment classified as loans and receivables	35,695,625	36,941,779	–	–	36,941,779
<b>Liabilities</b>					
Long-term borrowings	3,826,334	3,741,219	–	–	3,741,219
Notes and bonds payable	12,999,060	13,261,588	–	13,261,588	–
	31 December 2021		31 December 2021 The fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Assets</b>					
Held-to-maturity financial assets	37,376,952	39,347,138	–	39,347,138	–
Investment classified as loans and receivables	39,097,068	40,578,952	–	–	40,578,952
<b>Liabilities</b>					
Long-term borrowings	3,499,098	3,671,087	–	–	3,671,087
Notes and bonds payable	22,556,059	22,908,112	–	22,908,112	–

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 FAIR VALUE MEASUREMENT (continued)

#### (2) Fair value of financial assets and liabilities carried at other than fair value (continued)

The fair value of the held-to-maturity investments, notes and bonds payable classified as Level 2 is determined and analysed on the basis of the observable net valuation price of China Central Depository & Clearing Co., Ltd. (CCDC), China Securities Depository and Clearing Corporation Limited (CSDC), and Bloomberg Terminal.

The fair value of long-term loans classified as level 3 should be measured as the discounted present value of the future cash flow in accordance with the interest rates on the market with comparable credit ratings and providing almost the same cash flow under the same conditions.

The fair value of investments classified as loans and receivables as level 3 is determined using recognized pricing models, including the analysis of discounted cash flows based on unobservable discount rates, which reflects the relevant credit risk.

### 54 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to focus on the balance between risk and profit, to ensure that the Group meets the external capital requirements and maintains a sound solvency margin ratio to support its business development and maximise profit for shareholders, by pricing products and services commensurately with the level of risk and by accessing to finance at a reasonable cost.

The Group regularly reviews and manages its capital structure to achieve the most ideal capital structure and maximum returns to the shareholders. Factors taken into consideration include future capital requirement, capital efficiency, actual and expected profitability, expected cash flows and expected capital expenditure of the Group. The Group makes adjustments to the capital structure in light of changes in economic conditions.

The Group has formally implemented China Risk Oriented Solvency System Phase 2 since 1 January 2022 by reference to the 'Notice on the Formal Implementation of China Risk Oriented Solvency System Phase 2 by CIRC'. The Group adjusted the objective, policy and process of capital management.

Comprehensive and core solvency margin ratios are defined as actual capital and core capital divided by the minimum capital requirements, respectively. Comprehensive and core solvency margin ratio have to be higher than 100% and 50% respectively for compliance with the solvency requirements. The solvency results of the Group and the Company as at the end of fourth quarter of 2022 meet above regulatory requirements.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS

#### (1) Ultimate parent

The immediate parent of the Company is Central Huijin Investment Ltd., which parent company is China Investment Corporation. The ultimate parent of the Company is the Ministry of Finance of the PRC.

#### (2) Significant related parties

Name of significant related party	Relationship with the Company
China Everbright Bank	Associate

#### (3) Transactions with related parties except for key management personnel

(a) Significant related-party transactions between the Group and CEB is as follows:

	2022	2021
Interest income	36,163	73,776
Premium income	1,568	759
Claims payments	580,997	789,384
Fees and commissions	274	110

During the year ended 31 December 2022, the Group received the dividends from China Everbright Bank of RMB466,297 thousand (the year ended 2021, RMB487,175 thousand).

(b) The balances of significant related-party transactions between the Group and CEB is as follows:

	31 December 2022	31 December 2021
Cash and short-term time deposits	150,853	153,611
Statutory deposits	—	437,187
Time deposits	—	45,285
Interest receivables	—	29,774
Debt investments	—	999,216

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (3) Transactions with related parties except for key management personnel (continued)

- (c) The balances of significant related-party transactions between the Group and China Investment Corporation is as follows:

	2022	2021
Investment income	–	783,427

On 2 September 2021, China Reinsurance Finance Corporation Limited (“China Re Finance”), a subsidiary of the Company, entered into a sale and purchase agreement with China Investment Corporation. Pursuant to the agreement, China Re Finance agreed to aggregately dispose of its 10% ownership of the Logicor Group to the aforementioned acquirors (the “Disposal”) for a cash consideration of EUR718 million. The Group realise a book gain of approximately RMB783 million from the Disposal.

The Group enters into transactions with China Investment Corporation and companies under it in the ordinary course of business under normal commercial terms.

#### (4) Key management personnel remuneration:

	2022	2021
Salaries, allowances and benefits in kind	3,932	5,500
Discretionary bonuses	5,286	5,935
Employer’s contribution to a retirement benefit scheme	850	889
Total	10,068	12,324

The total compensation package for the Company’s key management personnel for the year ended 31 December 2022 has not yet been finalised in accordance with regulations of the relevant PRC authorities, and will be disclosed when determined. The compensation amounts disclosed above for the Company’s key management personnel for the year ended 31 December 2021 were restated based on the finalised amounts determined during 2021.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (5) Transactions with state-owned entities in the PRC

The Company is a state-owned enterprise which is subject to the control of the State Council of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the government through its authorities, affiliates or other organisations (collectively the “state-owned entities”). The Group’s key business is primary insurance and reinsurance related business and therefore the business transactions with other state-owned entities are primarily related to insurance, reinsurance and investment activities, including but not limited to insurance, reinsurance, provision of asset management or other services, and the sale, purchase, and redemption of bonds or equity instruments.

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group.

As at the 31 December 2022, most of bank deposits of the Group were with state-owned banks, and the issuers of corporate bonds and subordinated bonds held by the Group were mainly state-owned enterprises (31 December 2021: same). For the year ended 31 December 2022, a large portion of its reinsurance business of the Group was with state-owned insurance companies (the year ended 31 December 2021: same).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 CONTINGENCIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business. The adverse effects of these contingencies and legal proceedings mainly involve claims on the Group's insurance contracts and reinsurance contracts. The Group has considered possible losses caused by such litigations when measuring insurance contract liabilities. At 31 December 2022, certain subsidiaries of the Group were involved in such legal proceedings, and the amounts for specific legal claims may be significant and the cases are being investigated by relevant authorities. While the outcomes of such contingencies and legal proceedings cannot be determined at present, based on the current available information, the Group believes that they did not have a material adverse impact on the financial position as at 31 December 2022 and operating results of the Group for the twelve months ended 31 December 2022.

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

- (1) As at 31 December 2022, the Company provided maritime guarantee of RMB1,671 million (31 December 2021: RMB1,825 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 31 December 2022, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP350million totally (31 December 2021: GBP335 million).
- (3) CRIH has entered into two Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities total GBP100 million and USD75 million (31 December 2021: GBP80 million and USD50 million).

### 57 COMMITMENTS

#### Capital commitments

	31 December 2022	31 December 2021
Contracted for		
– Intangible assets commitments	27,239	42,210
– Property and equipment commitments	9,325	6,320
– Investment commitments	752,994	582,226
Total	789,558	630,756

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 58 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY

#### (1) Company-level statement of financial position

	31 December 2022	31 December 2021 (Restated, Note 60)
<b>Assets</b>		
Cash and short-term time deposits	1,468,412	946,572
Financial assets at fair value through profit or loss	372,377	343,946
Financial assets held under resale agreements	100,000	90,000
Reinsurance debtors	6,284,901	4,366,952
Reinsurers' share of unearned premium reserves	287,371	202,378
Reinsurers' share of outstanding claim reserves	1,316,307	887,986
Reinsurers' share of life insurance reserves	3,339,738	2,926,698
Time deposits	1,069,435	1,063,373
Available-for-sale financial assets	12,804,703	12,287,597
Held-to-maturity investments	1,936,142	1,844,597
Reinsurers' share of policy loans	47,910	44,521
Long-term equity investments	42,959,724	42,368,303
Statutory deposits	10,021,318	9,521,318
Investment properties	889,617	929,178
Fixed assets	309,234	326,696
Right-of-use assets	18,507	21,558
Intangible assets	44,740	46,208
Deferred tax assets	69,431	58,022
Other assets	1,134,653	2,161,604
<b>Total assets</b>	<b>84,474,520</b>	<b>80,437,507</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 58 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

#### (1) Company-level statement of financial position (continued)

	31 December 2022	31 December 2021 (Restated, Note 60)
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Securities sold under agreements to repurchase	3,681,816	2,191,616
Reinsurance payables	2,097,692	1,577,004
Employee benefits payable	352,709	415,876
Taxes payable	357,319	332,625
Policyholder's deposits and investments	314,167	1,586,116
Unearned premium reserves	1,491,604	725,516
Outstanding claim reserves	6,011,778	4,772,451
Life insurance reserves	3,799,779	3,284,691
Long-term health insurance reserves	2,286,686	2,282,143
Lease liabilities	17,058	19,734
Deferred tax liabilities	646,701	835,407
Other liabilities	1,611,262	1,483,829
<b>Total liabilities</b>	<b>22,668,571</b>	<b>19,507,008</b>
<b>Equity</b>		
Share capital	42,479,808	42,479,808
Capital reserves	7,004,643	7,004,643
Other comprehensive income	359,483	822,920
Surplus reserve	3,158,977	2,833,929
General risk reserve	3,158,977	2,833,929
Catastrophic loss reserve	188,149	124,089
Retained profits	5,455,912	4,831,181
<b>Total equity</b>	<b>61,805,949</b>	<b>60,930,499</b>
<b>Total liabilities and equity</b>	<b>84,474,520</b>	<b>80,437,507</b>

The company-level statement of financial position was approved by the Board of Directors on 28 March 2023 and was signed on its behalf.

He Chunlei  
Director

Zhuang Qianzhi  
Director

Tian Meipan  
Chief Actuary

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 58 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

#### (2) Company-level statement of changes in equity

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Catastrophic loss reserve	Retained profits	Total equity
<b>Balance at 1 January 2022</b>	42,479,808	7,004,643	822,920	2,833,929	2,833,929	124,089	4,831,181	60,930,499
1. Total comprehensive income								
Net profit	-	-	-	-	-	-	3,250,478	3,250,478
Other comprehensive income	-	-	(463,437)	-	-	-	-	(463,437)
2. Appropriation of profits								
Distributions to shareholders	-	-	-	-	-	-	(1,911,591)	(1,911,591)
Appropriations to surplus reserve	-	-	-	325,048	-	-	(325,048)	-
Appropriation for general risk reserve	-	-	-	-	325,048	-	(325,048)	-
Appropriation for Catastrophic loss reserve	-	-	-	-	-	64,060	(64,060)	-
3. Others	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	42,479,808	7,004,643	359,483	3,158,977	3,158,977	188,149	5,455,912	61,805,949
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Catastrophic loss reserve	Retained profits	Total equity
<b>Balance at 1 January 2021</b>	42,479,808	7,004,643	746,321	2,574,770	2,574,770	59,863	4,563,809	60,003,984
1. Total comprehensive income (Restated, Note 60)								
Net profit	-	-	-	-	-	-	2,591,588	2,591,588
Other comprehensive income	-	-	76,599	-	-	-	-	76,599
2. Appropriation of profits (Restated, Note 60)								
Distributions to shareholders	-	-	-	-	-	-	(1,741,672)	(1,741,672)
Appropriations to surplus reserve	-	-	-	259,159	-	-	(259,159)	-
Appropriation for general risk reserve	-	-	-	-	259,159	-	(259,159)	-
Appropriation for Catastrophic loss reserve	-	-	-	-	-	64,226	(64,226)	-
3. Others	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2021 (Restated, Note 60)</b>	42,479,808	7,004,643	822,920	2,833,929	2,833,929	124,089	4,831,181	60,930,499

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 58 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

#### (2) Company-level statement of changes in equity (continued)

For the year ended 31 December 2022 and 31 December 2021, the statement of financial position and statement of changes in equity of the Company disclosed in this note are prepared in accordance with People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP"), the primary accounting standard for the Company to determine the amount of retained profits available for distribution. In the preparation of these, the Company's investment in subsidiaries which are included in long-term equity investments are stated at cost less any impairment losses. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. Investments in associates are accounted for using equity method, unless classified as held for sale (or included in a disposal group that is classified as held for sale). Other than those set out in this note, there is no material difference in recognition and measurement between PRC GAAP and the significant accounting policies as disclosed in note 2.

### 59 NON-ADJUSTING POST BALANCE SHEET DATE EVENTS

#### Dividends

On 28 March 2023, the Board of Directors of the Company proposed a final dividend of RMB0.014 per ordinary share (tax inclusive) and is subject to the approval of shareholders of the Company at the 2022 annual general meeting.

### 60 RESTATEMENTS

In preparing the consolidated financial statements at 31 December 2022, the Group made the following restatement to its previous reported financial information.

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 60 RESTATEMENTS (continued)

A summary of the accumulated effects of the restatements described above on the consolidated statement of financial position of the Group as at 31 December 2021, the consolidated statement of profit or loss for the year then ended, the consolidated statement of comprehensive income for the year then ended by each financial statement line item affected are presented in the table below:

	2021 (As previously reported) (RMB '000)	Restatements (RMB '000)	2021 (As Restated) (RMB '000)
Other operating and administrative expenses	(17,022,747)	147,605	(16,875,142)
<b>Total benefits, claims and expenses</b>	<b>(158,699,409)</b>	<b>147,605</b>	<b>(158,551,804)</b>
Share of profit or loss of associates	2,294,929	(608,504)	1,686,425
<b>Profit before tax</b>	<b>7,569,137</b>	<b>(460,899)</b>	<b>7,108,238</b>
Income tax	(1,178,765)	(34,699)	(1,213,464)
<b>Profit for the year</b>	<b>6,390,372</b>	<b>(495,598)</b>	<b>5,894,774</b>
Profit for the year-Attributable to equity shareholders of the parent	6,362,777	(408,715)	5,954,062
Profit for the year-Attributable to non-controlling interests	27,595	(86,883)	(59,288)
Earnings per share (in RMB)-Basic	0.15	(0.01)	0.14
Earnings per share (in RMB)-Diluted	0.15	(0.02)	0.13
Share of other comprehensive income of associates, after tax	(78,279)	(1,674)	(79,953)
Other comprehensive income for the year after tax	(4,954,841)	(1,674)	(4,956,515)
<b>Total comprehensive income for the year</b>	<b>1,435,531</b>	<b>(497,272)</b>	<b>938,259</b>
Total comprehensive income for the year-Attributable to equity shareholders of the parent	1,744,163	(410,126)	1,334,037
Total comprehensive income for the year-Attributable to non-controlling interests	(308,632)	(87,146)	(395,778)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 60 RESTATEMENTS (continued)

	31 December 2021 (As previously reported) (RMB '000)	Restatements (RMB '000)	31 December 2021 (As Restated) (RMB '000)
Investments in associates	26,193,714	(610,178)	25,583,536
Deferred tax assets	3,445,589	(32,839)	3,412,750
<b>Total assets</b>	<b>500,438,774</b>	<b>(643,017)</b>	<b>499,795,757</b>
Deferred tax liabilities	1,045,492	1,860	1,047,352
Other liabilities	16,770,541	(147,605)	16,622,936
<b>Total liabilities</b>	<b>397,851,781</b>	<b>(145,745)</b>	<b>397,706,036</b>
Reserves	22,689,344	(33,749)	22,655,595
Retained profits	27,948,269	(376,377)	27,571,892
<b>Total equity attributable to equity shareholders of the parent</b>	<b>93,117,421</b>	<b>(410,126)</b>	<b>92,707,295</b>
Non-controlling interests	9,469,572	(87,146)	9,382,426
<b>Total equity</b>	<b>102,586,993</b>	<b>(497,272)</b>	<b>102,089,721</b>
<b>Total liabilities and equity</b>	<b>500,438,774</b>	<b>(643,017)</b>	<b>499,795,757</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 60 RESTATEMENTS (continued)

A summary of the accumulated effects of the restatements described above on the company statement of financial position as at 31 December 2021 by each financial statement line item affected are presented in the table below:

	31 December 2021 (As previously reported) (RMB '000)	Restatements (RMB '000)	31 December 2021 (As Restated) (RMB '000)
Employee benefits payable	422,926	(7,050)	415,876
Deferred tax liabilities	833,547	1,860	835,407
<b>Total liabilities</b>	<b>19,512,198</b>	<b>(5,190)</b>	<b>19,507,008</b>
Surplus reserve	2,833,410	519	2,833,929
General risk reserve	2,833,410	519	2,833,929
Retained profits	4,827,029	4,152	4,831,181
<b>Total equity</b>	<b>60,925,309</b>	<b>5,190</b>	<b>60,930,499</b>

### 61 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2023.

# DEFINITIONS

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

# DEFINITIONS

“China Re HK”	China Reinsurance (Hong Kong) Company Limited (中國再保險(香港)股份有限公司), a subsidiary of China Re Life licensed and incorporated by Hong Kong Insurance Authority on 16 December 2019
“China Re Life”	China Life Reinsurance Company Ltd. (中國人壽再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 16 December 2003
“China Re P&C”	China Property and Casualty Reinsurance Company Ltd. (中國財產再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 15 December 2003
“China Re UK”	China Re UK Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales on 28 September 2011
“CIC”	Chaucer Insurance Company Designated Activity Company, a company registered in the Republic of Ireland
“CNIP”	China Nuclear Insurance Pool. CNIP was established in 1999 and the Group Company has been the management institution and chairman company of CNIP from its establishment date to November 2016. Starting from November 2016, the management institution of CNIP changed from the Group Company to China Re P&C
“Company” or “Group Company”	China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司)
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules
“CRAH”	China Re Australia HoldCo Pty Ltd, a company registered in Australia, the former name of which is Hanover Australia HoldCo Pty Ltd
“CRIH”	China Re International Holdings Limited, a company registered in England and Wales, the former name of which is The Hanover Insurance International Holdings Limited
“Director(s)”	the director(s) of the Company

# DEFINITIONS

“Group”, “China Re Group” or “we”	our Company and its subsidiaries (except where the context requires otherwise)
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huatai Insurance Agency”	Huatai Insurance Agency and Consultant Service Limited (華泰保險經紀有限公司), a subsidiary of the Company incorporated in the PRC on 1 March 1993. The Company holds 52.5% of its shares
“Latest Practicable Date”	18 April 2023, being the latest practicable date for the inclusion of certain information in this report prior to its publication
“Listing Date”	26 October 2015, being the date on which the H shares of the Company became listed on the Hong Kong Stock Exchange
“Lloyd’s”	The Society of Lloyd’s, a global leading specialised P&C and liability insurance market
“Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“Model Code for Securities Transactions”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Hong Kong Listing Rules
“NAO”	the National Audit Office of the PRC (中華人民共和國審計署)
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People’s Congress of the PRC on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC Insurance Law”	the Insurance Law of the PRC (《中華人民共和國保險法》), as enacted by the Standing Committee of the Eighth National People’s Congress of the PRC on 30 June 1995 and effective on 1 October 1995, as amended, supplemented or otherwise modified from time to time

# DEFINITIONS

“Reporting Period”	since 1 January 2022 until 31 December 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Company

# CORPORATE INFORMATION

## REGISTERED NAMES

**Legal Chinese name:** 中國再保險(集團)股份有限公司  
**Chinese abbreviation:** 中再集團  
**Legal English name:** China Reinsurance  
(Group) Corporation  
**English abbreviation:** China Re

## REGISTERED OFFICE AND HEADQUARTERS

No. 11 Jinrong Avenue, Xicheng District,  
Beijing, the PRC (Postal code: 100033)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1618, Sun Hung Kai Centre,  
30 Harbour Road, Wanchai, Hong Kong

## PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

## CLASS OF SHARES

H shares

## STOCK NAME

China Re

## STOCK CODE

1508

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

## WEBSITE

<http://www.chinare.com.cn>

## INVESTOR RELATIONS DEPARTMENT

*Office of the Board of Directors*

Telephone: (8610) 66576880

Email: [IR@chinare.com.cn](mailto:IR@chinare.com.cn)

## LEGAL REPRESENTATIVE<sup>1</sup>

Mr. He Chunlei

## SECRETARY TO THE BOARD

Ms. Zhu Xiaoyun

## AUTHORISED REPRESENTATIVES

Mr. He Chunlei

Ms. Ng Sau Mei

## JOINT COMPANY SECRETARIES

Ms. Zhu Xiaoyun

Ms. Ng Sau Mei

## AUDITORS

*Domestic auditor:*

PricewaterhouseCoopers Zhong Tian LLP

*Overseas auditor:*

PricewaterhouseCoopers

*(Certified Public Accountants and Registered PIE Auditor)*

## ACTUARIAL CONSULTANT

Deloitte Consulting (Shanghai) Co., Ltd.

## HONG KONG LEGAL ADVISER

Clifford Chance

## UNIFIED SOCIAL CREDIT CODE

9110000010002371XD

Note: 1. Mr. He Chunlei had been acting on behalf of legal representative of the Company since 15 September 2022, and has served as the Chairman of the Company since 7 December 2022. China Re Group completed the business registration of change of legal representative of Mr. He Chunlei in February 2023.

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