



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

2023 Annual Report

專業 讓保險更保險

EMPOWER YOUR INSURANCE BY EXPERTISE



CORPORATE CULTURE OF CHINA RE

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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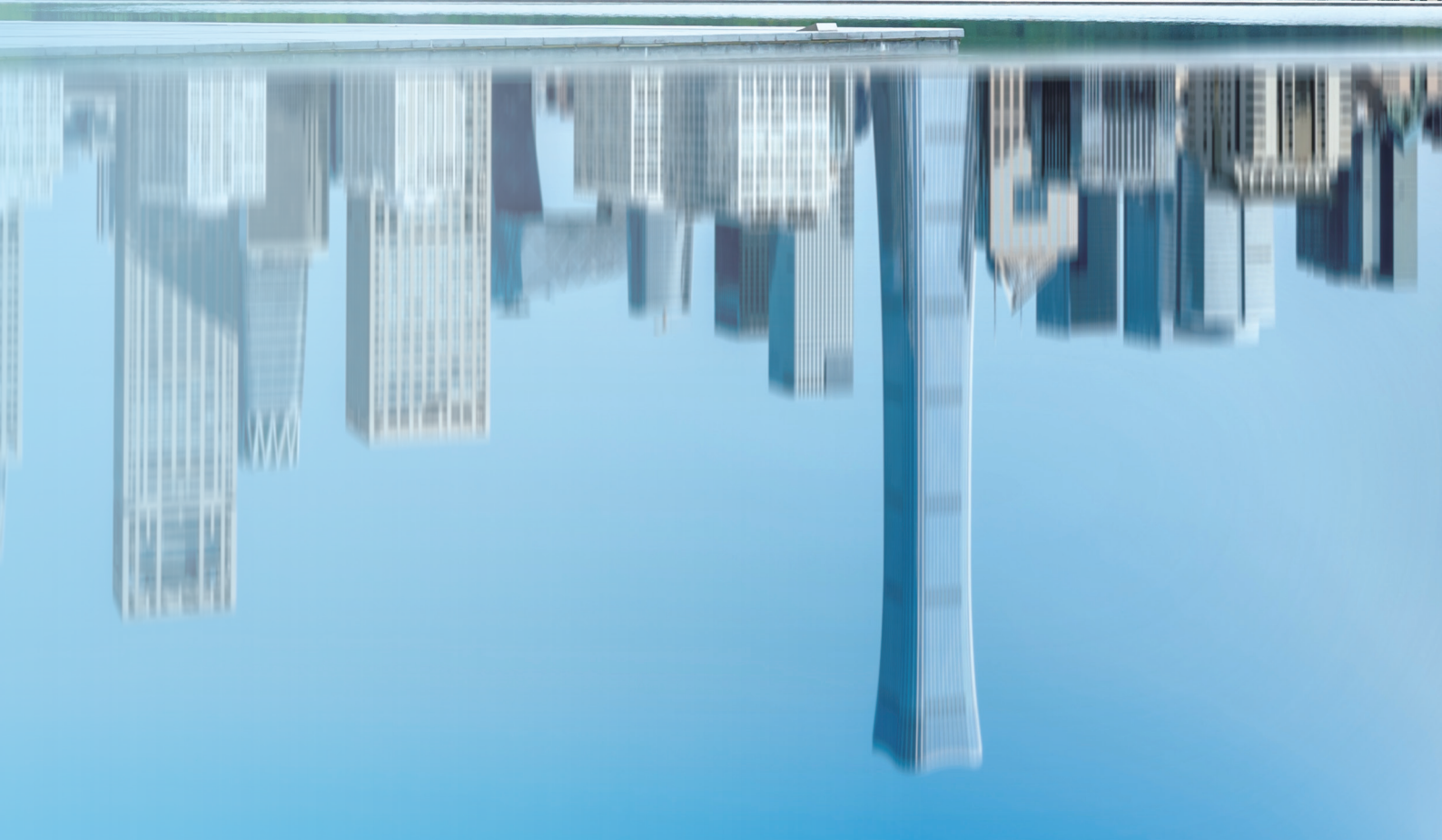
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CHINA REINSUR

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FRANCE



FINANCIAL HIGHLIGHTS



Total assets

RMB **459,728** million
Year-on-year increase of **8.2%**



Total liabilities

RMB **357,549** million
Year-on-year increase of **9.3%**



Total equity

RMB **102,179** million
Year-on-year increase of **4.8%**



Insurance revenue

RMB **99,755** million
Year-on-year increase of **11.8%**



Net profit

RMB **5,791** million
Year-on-year increase of
RMB6,666 million



Net profit attributable to
shareholders of the parent company

RMB **5,652** million
Year-on-year increase of
RMB5,977 million



Earnings per share

RMB **0.13**
Year-on-year increase
of RMB **0.14**



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

RMB **2.20**
Year-on-year increase of
5.3%



Weighted average return on equity

6.22%

Increase by
6.58 percentage points

FINANCIAL HIGHLIGHTS

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

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

	2023	2022 (Restated)	Change (%)	2021	2020	2019
Total assets	459,728	424,732	8.2%	499,796	453,577	396,638
Total liabilities	357,549	327,236	9.3%	397,706	350,676	299,660
Total equity	102,179	97,496	4.8%	102,090	102,901	96,978
Insurance revenue	99,755	89,225	11.8%	162,732	161,574	144,973
Net profit	5,791	-875	–	5,895	5,924	6,645
Net profit attributable to equity shareholders of the parent company	5,652	-325	–	5,954	5,711	6,049
Earnings per share (RMB)	0.13	-0.01	–	0.14	0.13	0.14
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.20	2.09	5.3%	2.18	2.19	2.05
Weighted average return on equity (%) ¹	6.22	-0.36	Increase by 6.58 percentage points	6.41	6.34	7.32

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

2. The data from 2019 to 2021 in the above table were prepared in accordance with the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts (Cai Kuai [2006] No. 3), the Regulations on Accounting Treatment Related to Insurance Contracts (Cai Kuai [2009] No. 15), the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 – Hedging (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (Cai Kuai [2014] No. 23) and other relevant accounting standards (collectively, the “Old Standards”).

HONOURS AND AWARDS

• China Re

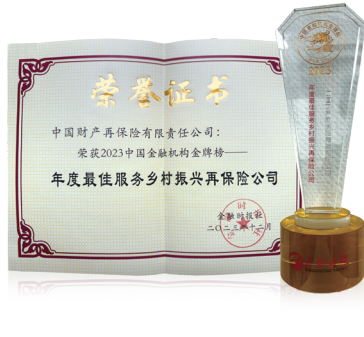
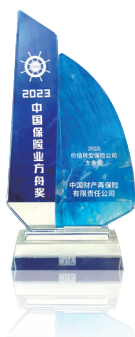
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| <p>① Financial Times
Golden Medal Award of Chinese Financial Institutions • Golden Dragon Award – Best Quality Development Insurance Corporation</p> | <p>③ Each Finance, Financial Money
13th Golden Pixiu Award – Gold Medal Brand Strength for Financial Institution of the Year</p> | <p>⑥ League of American Communications Professionals, MerComm, Inc
LACP VISION AWARDS – Best Annual Report, Best Social Responsibility Report in Insurance and ARC AWARDS – Silver Award, Corporate Social Responsibility Report</p> |
| <p>② Hong Kong Ta Kung Wen Wei Media Group
13th China Securities Golden Bauhinia Awards – Best Brand Influence Award for Listed Companies

13th China Securities Golden Bauhinia Awards – Excellent Investor Relations Management Award for Listed Companies</p> | <p>④ China-fof.com
2023 Best Insurance Capital LP Top 10</p> | |
| | <p>⑤ JRJ.com
12th Golden Wisdom Award – Outstanding Investor Relations (IR) Team</p> | |



• China Re P&C

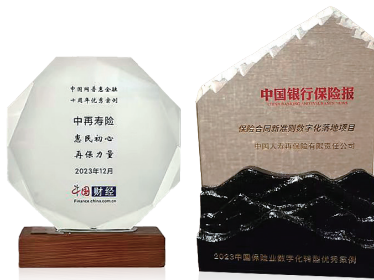
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| <p>① Securities Times
2023 Ark Award for Value Transformation Insurance Company</p> | <p>③ JRJ.com
2023 JRJ Navigating China “Golden Wisdom Award” – Outstanding Contribution Award for Serving Entity</p> | <p>⑤ Stockstar
2023 Most Socially Responsible Insurance Award</p> |
| <p>② Financial Times
2023 Golden Medal Award of Chinese Financial Institutions • Golden Dragon Award – Best Reinsurance Company Serving Rural Revitalisation</p> | <p>④ CFS Financial Summit
12th CFS Financial Summit – 2023 ESG Practice Model Award</p> | <p>⑥ All-China Federation of Trade Unions
National Workers’ Pioneer (Office/Office of Directors and Supervisors (Party Committee Office))</p> |



HONOURS AND AWARDS

• China Re Life

- ① China.com.cn (finance)
Excellent Case for 10th Anniversary of Inclusive Finance
- ② China Banking and Insurance News
2023 Excellent Case of Digital Operation in China's Insurance Industry



• China Continent Insurance

- ① China Banking and Insurance News
2023 Case of Service Innovation of the Year in China's Insurance Industry
- ② China Academy of Information and Communications Technology
3rd "Jin Xin Tong" Fin-Tech Innovation Application Excellent Case Award – Xin Bao Yun Rong Zhi Qian Shu Zi Ren Project
- ③ Each Finance, Financial Money
14th Golden Pixiu Award – 2023 Golden Property Insurance Company
- ④ Sina Finance
2023 Sina Golden Kirin – Digital Service Insurance Company of the Year



• China Re AMC

- ① China Securities Journal
Investment Golden Bull Award for Insurance Company
- ② Securities Times
2023 Ark Award for Insurance and Asset Management Company with Growth Advantages
- ③ 21st Century Business Herald
"Golden-Shell Award" 2023 Excellent Value Investment, Insurance and Asset Management Companies
- ④ Shanghai Securities News
"Golden Finance" Annual Corporate Social Responsibility Award



STATEMENT FROM THE CHAIRMAN



STATEMENT FROM THE CHAIRMAN

2023 was the first year to comprehensively implement the spirit of the 20th National Congress of the Communist Party of China. It was also the beginning year for China Re's "three-step" new journey to build a world-class comprehensive reinsurance group. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we thoroughly implemented the spirit of the central financial work conference, focusing on playing the main functional role of the national reinsurance team to fully serve the national strategies. We accelerated reform and innovation, strengthened risk prevention and control, improved the quality and efficiency of operations, achieved good operating results, and continuously improved our core competitiveness and sustainable development capabilities, firmly taking the first step in the new journey of high-quality development.

In 2023, China Re actively responded to the complex and changing market environment, and significantly enhanced its operational resilience and development quality. With steady growth in written premiums, we realised gross insurance revenue of RMB99,755 million, representing a year-on-year increase of 11.8%. China Re P&C's domestic market share has grown for the sixth consecutive year, and its international business has increased by 18.7% year-on-year. China Re Life's market share ranked first in the industry, continuously consolidating its position as the main reinsurance channel. Operating efficiency improved significantly, with post-tax net profit of RMB5,791 million, representing a year-on-year increase of RMB6,666 million, among which net profit attributable to shareholders of the parent company amounted to RMB5,652 million, representing a year-on-year increase of RMB5,977 million. The overall risk was stable and controllable, and the solvency of the Group as a whole and all operating entities in the insurance segment met regulatory requirements, with A-rating or above for 14 consecutive years by A.M. Best and for 10 consecutive years by S&P Global Ratings.

In 2023, China Re focused on its main responsibilities and businesses, strived to improve its service capabilities, comprehensively improved service quality and efficiency, served the major national strategies, real economic development and people's better life with high quality, giving full play to its roles as an economic shock absorber and a social stabiliser. The sum insured for risks in the key national strategic areas amounted

to RMB67 trillion, representing a year-on-year increase of 11.3%. We assisted the Healthy China strategy to serve 0.21 billion people, representing a year-on-year increase of 78.5%, and served 3.72 million micro, small and medium-sized enterprises, representing a year-on-year increase of 150.8%. We served technology to become independent and strong, implementing the first exclusive reinsurance contract for specialised and new enterprises, guaranteeing the first commercial flight of the domestic large aircraft C919, and realising the replication and promotion of cyber security insurance in Zhongguancun Chaoyang Park and other places. We served green transformation and development, supporting the commercial operation of the world's first fourth-generation nuclear power plant to ensure China's nuclear energy industry as a world leader. We guaranteed social stability, underwriting for domestic earthquake, flood and typhoon risk liabilities of RMB25.8 trillion, representing a year-on-year increase of 11%. We also deeply participated in all catastrophe insurance pilot projects in 19 provinces and municipalities, serving as the lead reinsurer in 80% of these projects, and providing claiming services of RMB0.65 billion in relation to the flooding disasters in the Beijing-Tianjin-Hebei region. We ensured food security, implementing the first exclusive reinsurance contract for rural revitalisation, fishing vessels and fisheries in China, and achieving full reinsurance coverage on the complete cost insurance and income insurance of the three main grain crops in the major grain-producing counties across the nation. We ensured the security of China's overseas interests, providing

STATEMENT FROM THE CHAIRMAN

risk protection for 418 “Belt and Road” projects, the results of which were selected into the list of practical cooperation projects of the 3rd “Belt and Road” Forum for International Cooperation. We also cooperated with the People’s Bank of China in developing a climate change physical risk stress testing model, and took the lead in the Ministry of Science and Technology’s national key research and development programme “Major Natural Disaster Prevention and Control and Public Security”, actively playing a leading role in the industry with our professional capabilities.

In 2023, China Re accelerated its digital transformation, iteratively optimised the “Digital China Re” strategy, and formed a new development pattern of “One Body with Two Wings” to inject strong momentum into high-quality development. We constantly improved the top-level design, officially released the digital transformation topology map and roadmap, clarified the implementation arrangements for digital transformation in the next five years, and launched step by step the construction of 12 major project groups and the “4+N” ecosystem to empower business model innovation and management process reengineering. We strove to promote organisational reform by establishing a digital transformation committee and a digital transformation office, transforming the Group’s original information technology centre/innovation incubation centre into a digital finance department/digitalisation promotion office, and completing the management upgrade of China Re Catastrophe and the formal establishment and operation of China Re DT to support the implementation of digital transformation. Moreover, we continued to deeply cultivate platform empowerment, iteratively developed a catastrophe model for earthquake, typhoon, and flood in China with independent intellectual property rights, and have obtained 6 national patents while applying the model in more than 30 insurance and government agencies. We also released the industry’s first “Zai • Yun” comprehensive agricultural insurance technology platform, upgraded the “Zai • Tu” new energy vehicle insurance pricing and risk control model, jointly expanded the application scenarios of blockchain trading platform with primary insurance companies,

and continued to drive the construction and promotion of IDI, safety and liability insurance platforms, transforming our technological first-mover advantages into market competitive advantages.

Looking to the future, the insurance and reinsurance industry of China is still in a crucial period of strategic opportunities, but the development environment has undergone profound changes. In the complex environment of sluggish recovery of global economy and intensified differentiation among various economies, China’s economy has made new breakthroughs in transforming its model, adjusting its structure, and increasing its momentum. Its growth rate is ahead of the world’s major economies, and the basic positive long-term economic trend has not changed. With the continuous enhancement of insurance depth and insurance density, China is expected to grow into the world’s largest insurance market, providing solid support for the high-quality development of insurance and reinsurance. Chinese-style modernisation has provided us with huge opportunities to accelerate high-quality development. Socio-economic development such as high-end manufacturing, green development and transformation, modernisation of social governance, and opening up of the market at a high level requires modern insurance, which in turn needs robust and stable reinsurance. The central financial work conference made major decisions to promote the development of reinsurance market as well as establish and improve the national catastrophe insurance protection system, giving reinsurance a newer and greater historical mission and national responsibility. Reinsurance will play a greater role in terms of safeguarding the country’s socio-economic security, driving the stable and continuous development of the insurance industry, and better serving the real economy as well as people’s livelihood and well-being.

At the same time, the sluggish recovery of global economy, frequent geopolitical conflicts, increasing frequency and intensity of extreme weather events, and accelerating urbanisation and aging society are the multiple political, economic, social and environmental risk factors impacting the development of the insurance and reinsurance industry. The new

STATEMENT FROM THE CHAIRMAN

round of technological revolution is advancing by leaps and bounds, digitalisation has reshaped the logic of insurance business and promoted the reconstruction of insurance and reinsurance business models, becoming a driving force to enhance competitiveness, tap new opportunities, and create new increments. Meanwhile, regulatory supervision is becoming stronger and stricter. IFRS 17 and the new C-ROSS rules have established higher requirements for insurance institutions in terms of operation coordination, business development, and asset management.

In the face of opportunities and challenges, China Re will firmly grasp the primary task of high-quality development, anchor the strategic goal of “building a world-class comprehensive reinsurance group”, carry out the “three-step” strategic arrangements, adhere to the general tone of “seeking progress while ensuring stability, enhancing value”, and implement the business philosophy of “expanding business scale, increasing underwriting profits and making prudent investment”. We will deepen functional positioning, adhere to the guidance of science and technology, strengthen efficiency improvement, enhance global development capabilities, improve risk prevention and control, and continue to enhance core competitiveness. We will strengthen the functional positioning of reinsurance, further play the leading role in the industry, promote the accelerated development of reinsurance market, support the construction of the national catastrophe insurance system, enrich and improve the product service system of technology insurance, green insurance, health insurance, pension insurance, and agricultural insurance. While working on the “five target areas” well, we will also open up a second growth curve. Further playing the backbone role in the global risk governance system, we will actively participate in the opening up of the insurance industry, steadily promote globalisation, expand the breadth and depth of serving the “Belt and Road” construction, and enhance our competitiveness in the international market and global influence. We will put more emphasis on value creation, explore opportunities for development with innovative thinking, incremental thinking and platform thinking, and create a stable operating model to coordinate and complement among primary insurance and reinsurance,

underwriting and investment, and domestic and international, so as to achieve balanced growth in scale and efficiency as well as positive interactions between high-quality development and a high level of safety. We will accelerate digital transformation, effectively implement the digital transformation topology map and roadmap, and build and strengthen the “Two Wings” technological empowerment of China Re Catastrophe and China Re DT. We will deepen the organisational reform and process reengineering of primary insurance and reinsurance, and empower the business development and operational management of the Group to undergo transformation and upgrades. In addition, we will deepen the integration of primary insurance and reinsurance, government-enterprise integration, and industrial integration, promote the implementation of the new model of “insurance + technology + service”, and build China Re into a platform-oriented, innovative and leading comprehensive reinsurance group.

2024 marks the 75th anniversary of the founding of the People’s Republic of China, and an important year for fully implementing the spirit of the central financial work conference and in-depth implementation of the Company’s “14th Five-Year Plan”. It is also the final year of the “period of gaining momentum” for China Re to build a world-class comprehensive reinsurance group. We will actively carry out our original mission to serve the country through finance and serve the people through insurance, strengthen confidence in development, accelerate reform and transformation, promote innovative development, and enhance our functional roles. We will create sustained and stable investment returns for shareholders with good operating performance, and contribute to the construction of a strong financial country with new achievements in high-quality development, striving to write a new chapter for China Re in the path of financial development with Chinese characteristics.

He Chunlei
Chairman

Beijing, the PRC

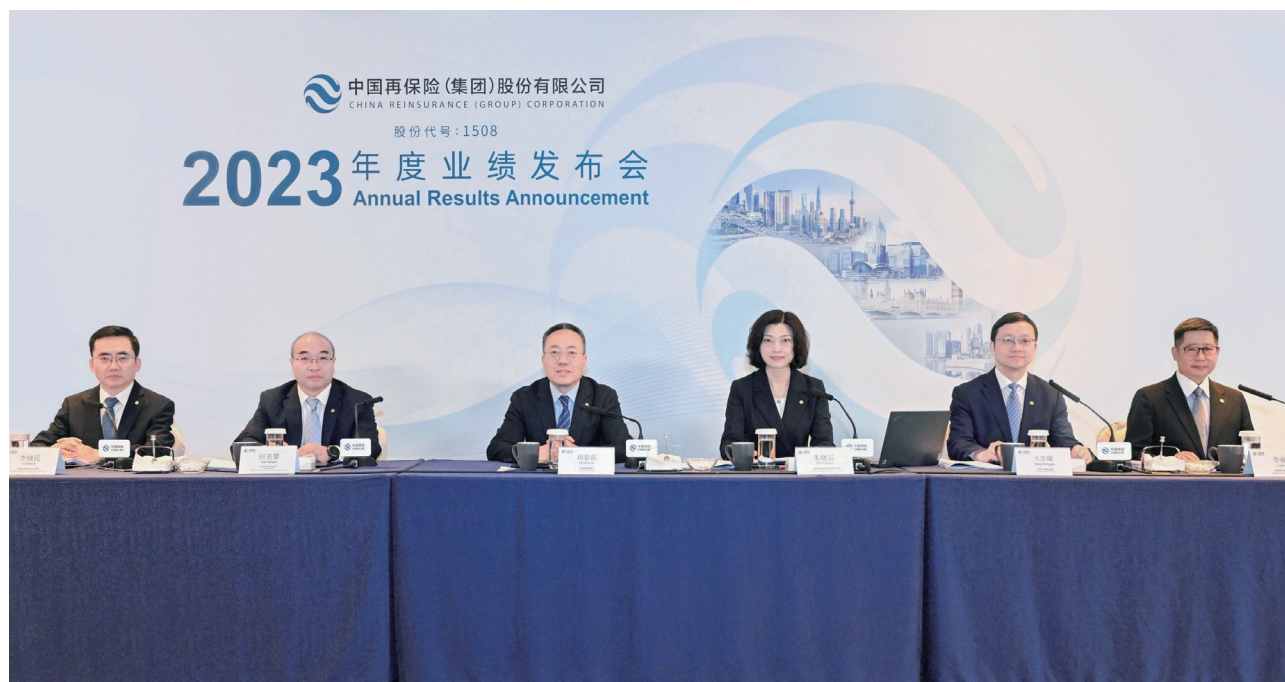
CHINA REINSUR

I MANAGEMENT DISCUSSION
AND ANALYSIS

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 the Group for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the year ended 31 December		Change (%)
	2023	2022 (Restated)	
Insurance revenue	99,755	89,225	11.8
Insurance revenue by business segment:			
P&C reinsurance ¹	43,309	36,471	18.7
Life and health reinsurance ¹	11,914	12,950	(8.0)
Primary P&C insurance ¹	46,558	43,129	8.0
Total investment income ²	9,304	1,503	519.0
Total investment yield (%) ³	2.77	0.47	Increase by 2.30 percentage points
Net investment income ⁴	14,370	11,742	22.4
Net investment yield (%) ⁵	4.28	3.66	Increase by 0.62 percentage points

- Notes: 1. Insurance revenue for each business segment do not consider inter-segment eliminations, in which: the businesses of P&C reinsurance segment mainly include domestic P&C reinsurance business, overseas P&C reinsurance and Chaucer business, CNIP business and legacy P&C reinsurance business; the businesses of life and health reinsurance segment mainly include domestic life and health reinsurance business, overseas life and health reinsurance business and legacy life and health reinsurance business; and the business of primary P&C insurance segment refers to the property and casualty insurance business operated by China Continent Insurance.
2. Total investment income = Investment income after deducting non-insurance investment contracts and derivative financial instruments related to life insurance business + interest income + share of profit of associates + impairment losses of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other assets – loss on dilution of equity in associates.
3. Total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period.
4. Net investment income = Interest income + dividend income + rental income + share of profit of associates – interest expenses on financial assets sold under repurchase agreements.
5. Net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period.
6. Under the China Accounting Standards for Business Enterprises, the Company continues to implement the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts (Cai Kuai [2006] No. 3), the Regulations on Accounting Treatment Related to Insurance Contracts (Cai Kuai [2009] No. 15), the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 – Hedging (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments (Cai Kuai [2014] No. 23) and other relevant accounting standards (the “Old Standards”). Under the Old Standards, the Group’s gross written premiums for the Reporting Period were RMB176,849 million, representing a year-on-year increase of 4.2%.

MANAGEMENT DISCUSSION AND ANALYSIS

	As at 31 December 2023		As at 31 December 2022	
	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
Group	155	192	157	190
Group Company	409	409	635	635
China Re P&C	152	249	119	191
China Re Life	158	216	167	208
China Continent Insurance	235	262	235	260

- Notes: 1. The solvency related data as at 31 December 2023 have been audited by the auditors of the Company. If there is any discrepancy between the solvency data disclosed in this annual report and the results announcement, this annual report shall prevail.
2. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former CBIRC, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

In 2023, China Re adhered to the general tone of “seeking progress while ensuring stability, enhancing value”, firmly established the business philosophy of “expanding business scale, achieving underwriting profits and making prudent investment”, and actively responded to the complex and ever-changing market environment, significantly enhancing the business resilience and development quality, and achieving new results in high-quality development. First, the insurance revenue grew steadily, with an insurance revenue of RMB99,755 million, representing a year-on-year increase of 11.8%. Second, the operational efficiency was significantly improved, with a total investment income of RMB9,304 million, representing a year-on-year increase of 519.0%, indicating a significant improvement in underwriting profit contribution. In addition, the Group’s solvency and international ratings remained stable. During the Reporting Period, we maintained the “A (Excellent)” rating by A.M. Best and “A” by S&P Global Ratings, and the financial position remained robust and healthy.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Indicators

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

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

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

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

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

Unit: in RMB millions, unless otherwise stated

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

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

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 2023, we focused on consolidating the leading position in domestic reinsurance market, and continued to facilitate the establishment of platforms for national policy-oriented business, strengthen the innovation-driven model and technological application, and accelerate the implementation of strategic initiatives. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We achieved rapid growth in emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, safety production liability insurance, Chinese interest abroad projects insurance, and cyber securities insurance, and thus our business structure continued to optimise.

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

In 2023, the insurance revenue from our P&C reinsurance segment amounted to RMB43,309 million, representing a year-on-year increase of 18.7% and accounting for 42.6% of insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we seized the opportunities of rising rates and ceding in market to actively expand new business. Net profit amounted to RMB3,065 million, representing an increase of RMB3,078 million as compared with the same period last year. The increase in net profit was mainly due to the fact that we adhered to the strategy of high-quality development, actively seized opportunities in the market to develop our advantageous businesses with significant improvement in underwriting efficiency. At the same time, our provision for impairment of investments in associates was relatively sufficient in 2022 out of prudence, and as the provision for impairment decreased in 2023, we recorded a significant year-on-year increase in investment income.

The insurance revenue from our P&C reinsurance segment amounted to

RMB**43,309** million
Year-on-year increase of **18.7%**

Net profit amounted to

RMB**3,065** million
Increase of RMB**3,078** million
as compared with the same period last year

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		Change (%)
	2023	2022 (Restated)	
Insurance revenue	43,309	36,471	18.7
Interest income	2,761	2,306	19.7
Other investment return	(173)	(672)	(74.3)
Exchange gains/(losses), net	156	150	4.0
Other income	177	116	52.6
Total income	46,230	38,370	20.5
Insurance service expenses	(35,586)	(30,889)	15.2
Allocation of reinsurance premiums	(5,860)	(6,404)	(8.5)
Amounts recoverable from reinsurers	2,915	4,291	(32.1)
Finance expenses from insurance contracts issued	(2,249)	(1,636)	37.5
Finance income/(expenses) from reinsurance contracts held	426	127	235.4
Net impairment loss on financial assets	(90)	(74)	21.6
Other finance cost	(859)	(816)	5.3
Other operating and administrative expenses	(1,393)	(1,018)	(36.8)
Total insurance service expense and others	(42,697)	(36,420)	17.2
Share of profit of associates	239	(1,376)	–
Impairment losses of associates	–	(488)	–
Profit before tax	3,771	87	4,234.5
Income tax	(706)	(100)	606.0
Net profit	3,065	(13)	–

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

MANAGEMENT DISCUSSION AND ANALYSIS

Insurance revenue

Insurance revenue of our P&C reinsurance segment increased by 18.7% from RMB36,471 million in 2022 to RMB43,309 million in 2023, mainly due to the fact that we seized the opportunities of rising rates and ceding in the market to actively expand new business.

Interest income

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

Other investment return

Investment income from our P&C reinsurance segment increased by RMB499 million from RMB-672 million in the 2022 to RMB-173 million in 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Insurance service expenses

Insurance service expenses of our P&C reinsurance segment increased by 15.2% from RMB30,889 million in 2022 to RMB35,586 million in 2023, mainly due to the corresponding increase in insurance service expenses caused by the business scale.

Share of profit of associates

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

Net profit

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis

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

Domestic P&C Reinsurance Business

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

In 2023, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB44,010 million, representing a year-on-year increase of 4.5%. The combined ratio was 99.53%, representing a year-on-year decrease of 0.23 percentage points.

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

	For the year ended 31 December		Change
	2023	2022	
Loss ratio (%)	68.11	68.55	Decrease by 0.44 percentage points
Expense ratio (%)	31.42	31.21	Increase by 0.21 percentage points
Combined ratio (%)	99.53	99.76	Decrease by 0.23 percentage points

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

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

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

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

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

Unit: in RMB millions, except for percentages

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

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

Business channel	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	41,017	93.2	39,598	94.1
Via broker	2,993	6.8	2,499	5.9
Total	44,010	100.0	42,097	100.0

Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, we offer a wide variety of P&C reinsurance coverage catering to the business characteristics of the PRC market. Our lines of business cover a wide range of P&C insurance types in the PRC, mainly including agriculture, motor, commercial property, liability and engineering insurance. We actively captured the opportunities brought by the transformation and development of the market, and continued to vigorously expand emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, safety production liability insurance, Chinese interest abroad projects insurance and cyber securities insurance, with total reinsurance premium income recorded at RMB2,869 million.

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

Line of business	For the year ended 31 December				
	2023		YoY Change (%)	2022	
	Amount	Percentage (%)		Amount	Percentage (%)
Agriculture	12,199	27.7	11.8	10,911	25.9
Motor	10,437	23.7	23.4	8,457	20.1
Commercial property	6,682	15.2	(2.1)	6,828	16.2
Liability	6,354	14.4	11.1	5,719	13.6
Engineering	2,054	4.7	(20.0)	2,568	6.1
Others ¹	6,284	14.3	(17.5)	7,614	18.1
Total	44,010	100.0	4.5	42,097	100.0

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Agriculture reinsurance. In 2023, we actively explored and developed commercial agriculture reinsurance, while strengthening cooperation in policy-based agriculture insurance business and promoting innovation of our agriculture insurance products. The reinsurance premium income from agriculture insurance business amounted to RMB12,199 million, representing a year-on-year increase of 11.8%.

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

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

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

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

Clients and Client Services

In 2023, we continued to uphold the customer-oriented philosophy. We maintained stable cooperation relationships with major P&C insurance companies in the PRC, continued to improve user experience through business cooperation, exchange of technical know-how and client services, and delivered insurance value to promote the in-depth development of cooperative relationships. Focusing on clients' needs, we continuously and comprehensively implemented the business philosophy of "integration of primary insurance and reinsurance", innovatively developed service concepts and channels, constantly improved the establishment of a client service system, explored and implemented innovative approaches to client services. As at the end of the Reporting Period, we maintained business relationships with 87 domestic P&C insurance companies, covering 97.8% of clients. We were the lead reinsurer for over 40% of our reinsurance contracts. We ranked first in the domestic market in terms of both client coverage and the number of contracts entered into as the lead reinsurer.

Overseas P&C Reinsurance and Chaucer Business

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

In 2023, we seized the opportunities of rising rates in the international market to actively develop our businesses with prominent advantages, which resulted in rapid growth in premium volume and significant improvement in underwriting efficiency. Gross written premiums from our overseas P&C reinsurance and Chaucer business amounted to RMB23,285 million, representing a year-on-year increase of 18.7%. The combined ratio was 85.74%, representing a year-on-year decrease of 8.29 percentage points.

MANAGEMENT DISCUSSION AND ANALYSIS

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
	2023	2022	
Loss ratio (%)	50.40	57.93	Decrease by 7.53 percentage points
Expense ratio (%)	35.34	36.10	Decrease by 0.76 percentage points
Combined ratio (%)	<u>85.74</u>	<u>94.03</u>	<u>Decrease by 8.29 percentage points</u>

Overseas P&C Reinsurance Business

In 2023, the reinsurance premium income from our overseas P&C reinsurance business amounted to RMB4,246 million, representing a year-on-year increase of 8.8%. The growth in premium income was mainly due to the fact that we seized the opportunity of rising rates in the international market to actively expand new business. The combined ratio was 98.50%, representing a year-on-year increase of 1.15 percentage points, which was mainly due to the adverse impact brought about by the losses incurred by the earthquake in Turkey.

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

	For the year ended 31 December		Change
	2023	2022	
Loss ratio (%)	73.97	68.46	Increase by 5.51 percentage points
Expense ratio (%)	24.53	28.89	Decrease by 4.36 percentage points
Combined ratio (%)	<u>98.50</u>	<u>97.35</u>	<u>Increase by 1.15 percentage points</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: in RMB millions, except for percentages

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December				
	2023		YoY Change (%)	2022	
	Amount	Percentage (%)		Amount	Percentage (%)
Non-marine	2,789	65.7	8.2	2,578	66.1
Specialty	668	15.7	30.6	511	13.1
Liability	290	6.8	3.5	280	7.2
Others ¹	499	11.8	(6.3)	532	13.6
Total	4,246	100.0	8.8	3,901	100.0

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

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

In terms of clients, we continuously developed quality clients based on our management philosophy of prioritising profitability while valuing service quality. By virtue of long-term and stable business relationships with quality and core clients, we captured profitable ceding business. We established comprehensive cooperation relationship network with various internationally renowned major ceding companies and increased our efforts in developing quality regional

clients by leveraging the geographical advantages of different international platforms which all contributed to significant results in expansion of quality client base.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Chaucer Business

In 2023, Chaucer leveraged its own professional advantages to seize the opportunity of rising market premiums, actively explored business opportunities, and optimised business portfolios. The gross written premiums amounted to RMB19,039 million, representing a year-on-year increase of 21.1%; the combined ratio was 81.88%¹, representing a year-on-year decrease of 11.11 percentage points, mainly due to grasping opportunities of rising rates in the market and lower losses from catastrophes as compared with the same period last year; the return on economic capital (ROEC) was 18.8%². The premium of contracts led by Chaucer accounted for approximately 47.0% of its overall gross written premiums. Chaucer is one of a limited number of Lloyd's market entities that gained market recognition in respect of both of its underwriting and claims fronts.

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

	For the year ended 31 December		Change
	2023	2022	
Loss ratio (%)	43.26	54.65	Decrease by 11.39 percentage points
Expense ratio (%)	38.62	38.34	Increase by 0.28 percentage points
Combined ratio (%)	81.88	92.99	Decrease by 11.11 percentage points

- Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 86.85%, which was different from that under the International Accounting Standards, mainly due to the different treatment for reserve discounting and risk margin.
2. Return on economic capital = the net profit of Chaucer's statement under the UK GAAP (Management Information)/economic capital.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Unit: in RMB millions, except for percentages

Type of business	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	8,642	45.4	6,670	42.5
Facultative reinsurance	2,920	15.3	2,128	13.5
Primary insurance	7,477	39.3	6,922	44.0
Total	19,039	100.0	15,720	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December			2022	
	2023			Amount	Percentage (%)
	Amount	Percentage (%)	YoY Change (%)	Amount	Percentage (%)
Casualty and political risk/credit insurance	3,007	15.8	(29.9)	4,290	27.3
Marine, energy, space and aviation, nuclear insurance	3,944	20.7	21.7	3,240	20.6
Property and political violence insurance	3,877	20.4	41.5	2,739	17.4
Others ¹	8,211	43.1	50.6	5,451	34.7
Total	19,039	100.0	21.1	15,720	100.0

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

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of development strategy, in 2023, Chaucer seized the rising trend of rates in the market, further clarified the direction of business development, and deployed business resources more specifically in Chaucer's core business areas. In the long run, Chaucer will continue to focus on the development of its core business which will further consolidate Chaucer's sustainable, differentiated and influential market leading position in this segment.

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

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

In terms of service platforms, with headquarters in London, and international branches for Europe, the Middle East and North Africa, Latin America and Asia, Chaucer provides protections to clients worldwide. We

provide our clients with a range of flexible business platforms to choose from. Membership of Lloyd's allows Chaucer to take advantage of Lloyd's strong rating and excellent brand reputation to provide risk coverage to our clients in over 200 countries and territories worldwide. Our underwriting capacity at Lloyd's exceeded GBP1.8 billion, making us one of the leading platforms with substantial contract leadership capabilities in Lloyd's market. Furthermore, the brand strength and global reputation of China Re have brought Chaucer many new business opportunities, including providing underwriting support to the "Belt and Road Initiative" related enterprises.

In terms of product innovation, we increased investment in this aspect and endeavoured to leverage digital solution to provide innovative products while offering more intelligent and efficient underwriting capabilities. We formulated a "smart underwriting" strategy for the use of modern technology in some business lines to improve work efficiency in channel management, risk analysis, and underwriting processes.

In terms of environmental, social and governance (ESG), Chaucer partnered with Moody's Analytics to develop a market-leading Balanced Scorecard tool to assess the ESG profile of all counterparties across the business from underwriting, investments and operations, with the scoring being anchored to the United Nations Sustainable Development Goals (SDGs), which won positive feedback from the market. In the first half of 2023, Chaucer deepened its cooperation with Moody's Analytics by setting up a joint working group in the Lloyd's market to try to establish ESG market standards. In addition, Chaucer has joined the United Nations Principles for Sustainable Insurance (PSI) and become one of the signatories of over 150 major global insurance and reinsurance companies.

CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In 2023, our reinsurance premium income via the CNIP platform amounted to RMB166 million.

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 2023, the recruitment of domestic life and health insurance agents faced continuing challenges. While the new value growth point had not yet appeared, the market was dominated by the scale growth driven by savings products. There was a hike in reinsurance business costs in Hong Kong and Singapore markets, where competition was fierce in the reinsurance market. We strove to overcome the adverse impact of the industry, continued to optimise our business structure, pursued actively innovative development, and effectively managed risks on the whole. We strategically developed the protection-type reinsurance business, facilitated the supply-side structural reform of the industry with “Data+” and “Product+” models. We led the compilation work of the Fourth Mortality Table and the Guangdong-Hong Kong-Macao Greater Bay Area Mortality Table for Life and Health Insurance Industry of China (《中國人身保險業第四套經驗生命表及粵港澳大灣區經驗生命表》), empowering the infrastructure construction of the industry. To implement Healthy China Action and develop Inclusive Finance, we actively facilitated the product development of tax-preferential health insurance and “0 Excess” (0 免賠) medical insurance. We also promoted the integration of health insurance products with health industry by constantly implementing innovation in insurance payment models. In terms of professional voice, we successfully released the report on the Research on Global Life and Health Insurance Market Experience and Transformation of China’s Life and Health Insurance (《全球人身險市場經驗及中國人身險轉型研究》) jointly with Boston Consulting Group, and summarising the practical experience of Hui Min Bao, released the Contents, Present Status and Sustainable Development of Hui Min Bao (《惠民保的內涵、現狀及可持續發展》). Moreover, we

grasped the underwriting opportunities of savings-type reinsurance, and attached great importance to cost control and asset-liability management. We developed new financial reinsurance business under the premise of compliance and improved management of existing business. We continued paying close attention to the credit risk and compliance risk of our counterparties. We are in a solid competitive position in both the mainland and Hong Kong markets. In the mainland market, we have maintained the highest proportion of reinsurance contracts being entered into as leading reinsurer in all reinsurance contracts.

In 2023, insurance revenue from our life and health reinsurance segment amounted to RMB11,914 million, representing a year-on-year decrease of 8.0% and accounting for 11.7% of the Group’s gross insurance revenue (before inter-segment eliminations). The decrease in insurance revenue was mainly due to the decrease in margin release of contractual services of our existing financial reinsurance business. Net profit amounted to RMB1,294 million, representing a year-on-year increase of 272.9%. The increase in net profit was mainly due to the significant year-on-year increase in investment income. As we implemented the New Standard for Financial Instruments, bond prices rebounded sharply in 2023, resulting in a more significant impact of changes in the capital market on profit.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Insurance revenue

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

Other investment return

Other investment return from our life and health reinsurance segment increased by 59.2% from RMB-2,363 million in 2022 to RMB-964 million in 2023, mainly due to changes in the capital market. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Insurance service expenses

Insurance service expenses from our life and health reinsurance segment decreased by 4.7% from RMB12,829 million in 2022 to RMB12,229 million in 2023, mainly due to the impact of loss-making contracts.

Finance expenses from insurance contracts issued

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

Share of profit of associates

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

Net profit

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

The insurance revenue from our life and health reinsurance segment amounted to

RMB **11,914** million

Net profit amounted to

RMB **1,294** million

Increase of **272.9%** as compared with the same period last year

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis

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

In terms of business line, we overcame the impact of weak industry growth and insufficient demand, took the initiative to innovate and develop, and achieved progress of the protection-type reinsurance business by developing new business of medical insurance, while focusing on quality and efficiency improvement for existing businesses. As for the savings-type reinsurance business, the assets and liabilities management and domestic and overseas interconnection have been strengthened; and we further improved compliance and risk management level of the financial reinsurance business.

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

Unit: in RMB millions, except for percentages

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

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

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

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB26,857 million in 2023, representing a year-on-year decrease of 7.6%. Of which, reinsurance premium income of RMB12,054 million was from the yearly renewable term protection-type business¹ and RMB8,243 million was from the mid-end and long-term medical care insurance business, and the total reinsurance premium income increased by 3.3% year-on-year. Facing severe business environment, we actively took the following countermeasures. (i) We deeply cultivated key areas to capture key customers and key product opportunities, targeted on new customer needs, conducted on-site data analysis, actively identified new risks, reconstructed our pricing models, increased front-end risk control management to ensure controllable business risks, promoted business cooperation, and achieved long-term win-win cooperation with customers. (ii) We made efforts to deploy in new risk areas such as long-term care insurance and disability insurance, and actively created a set of closed-loop underwriting solutions that could be exported to the industry to lay a solid foundation for assisting pension finance. (iii) We closely followed the policy guidance, provided support for the development of tax-preferential health insurance products, and helped related products to be quickly launched in the

market; continued to serve national strategies such as Healthy China and Inclusive Finance, and provided customised reinsurance support plans for livelihood protection products such as Hui Min Bao and Hui Jun Bao. (iv) We continued to promote industrial integration and innovation, and carried out innovative payment cooperation around special medicine, chronic disease management, dentistry, ophthalmology and other fields, realising normalised underwriting of profitable businesses. Under the combined effect of innovation-driven and stringent risk control, the quality of our business remained stable, and we achieved a combined ratio (excluding operating and administrative expenses) after retrocession of protection-type business of 97.12%, with underwriting profits of RMB610 million.

In respect of the savings-type reinsurance business, we reasonably grasped the opportunities of domestic savings-type business, leveraged the short-term and high-yield asset allocation window period in the first quarter and achieved larger orders. The reinsurance premium income amounted to RMB15,203 million in 2023, representing a year-on-year increase of 53.1%.

In respect of the financial reinsurance business, we paid more attention to compliance and risk management under the “C-ROSS” Phase II, actively explored new business opportunities, and innovated business models, achieving reinsurance premium income of RMB17,321 million. At the same time, we strengthened the management of existing businesses, and enhanced the efficiency of capital usage.

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.

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

In respect of the overseas savings-type reinsurance business, in the face of significant fluctuation in the overseas capital markets and rising business cost, the

Company balanced development and security, and proactively scaled down our business. The reinsurance premium income amounted to RMB1,978 million in 2023, representing a year-on-year decrease of 72.9%.

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

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

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

Unit: in RMB millions, except for percentages

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

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

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

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

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December				
	2023		YoY Change (%)	2022	
	Amount	Percentage (%)		Amount	Percentage (%)
Life reinsurance	37,702	59.6	(0.7)	37,963	57.3
Health reinsurance	23,633	37.4	(9.6)	26,155	39.4
Accident reinsurance	1,906	3.0	(12.8)	2,185	3.3
Total	63,241	100.0	(4.6)	66,303	100.0

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 2023, we firmly grasped the top priority of high-quality development, unswervingly anchored our underwriting profit target, and achieved positive results. We strengthened our top-level design, released a new blueprint of “Value Continent”, and actively promoted the implementation of strategies, gradually enhancing our strategic traction capabilities. We focused on efficiency development, strengthened operational coordination, optimised business structure, and adhered to reform and innovation. As a result, our business development was stable and increasing, with continuous improvement of operating efficiency and significant effects of cost control, and the Company’s operating trend continued to improve, consolidate and expand. Focusing on key areas, including agricultural insurance, health insurance, and green insurance, we promoted new breakthroughs in product innovation, protection coverage expansion, and service quality improvement, etc. We centred on technology empowerment, strengthened technology application and business empowerment, and achieved effective results in digital transformation. We also further improved the construction of our risk control system, strengthened risk management and control in key areas, and consolidated the foundation for development.

In 2023, insurance revenue from our primary P&C insurance segment amounted to RMB46,558 million, representing a year-on-year increase of 8.0% and accounting for 45.7% of gross insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we insisted on improving quality and efficiency, optimising development strategies, stabilising the basic market of motor insurance, and vigorously developing profitable non-motor insurance business. Net profit amounted to RMB376 million, representing an increase of RMB1,922 million as compared with the same period last year. The increase in net profit was mainly due to: first, we adhered to improving quality and efficiency; second, our provision for impairment of investments in associates was relatively sufficient in 2022 out of prudence, and as the provision for impairment decreased in 2023, we recorded a significant year-on-year increase in investment income.

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

Insurance revenue from our primary P&C insurance segment amounted to

RMB **46,558** million

Year-on-year increase of **8.0%**

Net profit amounted to

RMB **376** million

Increase of RMB **1,922** million as compared with the same period last year

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Insurance revenue

Insurance revenue of our primary P&C insurance segment increased by 8.0% from RMB43,129 million in 2022 to RMB46,558 million in 2023, mainly due to relatively fast growth of premiums for cargo insurance, agriculture insurance, short-term health insurance, etc.

Interest income

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

Other investment return

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

Allocation of reinsurance premiums

Allocation of reinsurance premiums paid from our primary P&C insurance segment increased by 2.9% from RMB2,906 million in 2022 to RMB2,991 million in 2023, which was mainly due to the increase in insurance revenue resulting in a corresponding increase in allocation of reinsurance premiums paid.

Insurance service expenses

Insurance service expenses from our primary P&C insurance segment increased by 8.2% from RMB42,119 million in 2022 to RMB45,587 million in 2023, mainly due to the corresponding increase in insurance service expense caused by the business scale.

Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment increased by RMB1,923 million from RMB-1,547 million in 2022 to RMB376 million in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis

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

Analysis by Line of Business

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

Unit: in RMB millions, except for percentages

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Accident and Short-term Health Insurance. In 2023, primary premium income from accident and short-term health insurance amounted to RMB9,928 million, representing a year-on-year increase of 17.4%, of which primary premium income from accident insurance amounted to RMB4,103 million, representing a year-on-year increase of 11.6%; primary premium income from short-term health insurance (critical illness insurance not included) amounted to RMB3,336 million, representing a year-on-year increase of 9.7%; primary premium income from critical illness insurance amounted to RMB2,489 million, representing a year-on-year increase of 43.1%. We further promoted product innovation and scenario exploration, and built a product map covering and focusing on the elderly, and benefiting national health at the same time. Striving to provide customers with insurance products that are satisfying, we deepened the construction of product marketing content and integrated AI technology applications. We actively served the national strategies, and participated in various livelihood protection businesses such as critical

illness insurance for urban and rural residents, large amount insurance for urban employees, nursing care insurance and Hui Min Bao. Carrying out in-depth structural reform on the product supply side, we made effort to develop commercial health insurance centring on target customer groups with specific needs such as the elderly, new citizens, and disabled people, and actively participated in the construction of a multi-level medical security system, so as to assume the function of insurance in serving the society.

Surety Insurance. In 2023, primary premium income from surety insurance amounted to RMB4,432 million, representing a year-on-year decrease of 1.3%. The cumulative bad debt rate of personal consumption loan surety insurance business was 9.45%. We strove to optimise our business structure, actively reduced the scale of surety insurance, effectively prevented business risks, and continued to resolve existing risks, promoting high-quality business development. At the same time, we adhered to focusing on inclusive finance, actively played the financial service role of financing surety insurance to help micro, small and medium-sized enterprises tide over the difficulties and resume development. We provided risk protection for approximately 55 thousand micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB12,290 million.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Agriculture Insurance. In 2023, primary premium income from agriculture insurance amounted to RMB1,760 million, representing a year-on-year increase of 18.0%. We continued to improve the operating conditions of agriculture insurance business, obtaining operating qualifications for agriculture insurance in 33 provinces (autonomous regions, municipalities directly under the central government and municipalities separately listed on the state plan) cumulatively. We made every effort to advance the policy selection projects for agriculture insurance, and made breakthroughs in innovative insurance for planting insurance, breeding insurance, forest insurance and agriculture insurance, as well as agriculture-related insurance. We continued to innovate and develop

insurance products, and focused on exploring insurance for agricultural products with local characteristics, weather index insurance, price index insurance, agricultural futures price insurance, planting income insurance and other insurances. Cumulatively, 202 products including 98 innovative products were developed and filed.

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

Analysis by Business Channel

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

Unit: in RMB millions, except for percentages

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

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

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

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

Combined Ratio

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

ASSET MANAGEMENT BUSINESS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Portfolio

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

Unit: in RMB millions, except for percentages

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of investment management, we adhered to the general tone of “seeking progress while ensuring stability, enhancing value” amid significant market fluctuations, and firmly established the business philosophy of “investment to be sound”. We maintained dynamic optimisation of asset allocation, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and seek for deterministic investment income. In terms of domestic fixed-income investments, we flexibly mastered the market pace to steadily promote re-allocation upon maturity and allocation of new cash flow, strengthened the allocation of RMB deposits, domestic foreign currency deposits, long-term interest rate bonds, senior credit bonds, and other categories of products, and optimised the credit structure of positions. As for overseas fixed-income investments, we leveraged the allocation value at the peak of rate cycle for US debts and high-grade corporate bonds and extended the duration to improve medium-and-long-term returns. As for secondary equity investment, we responded to market fluctuations with a dumbbell-shaped allocation strategy, where on one hand we deployed high-dividend assets with low valuations and stable dividends, actively adjusted high-dividend position structure, and enhanced the defensive attributes of portfolio; on the other hand, we centred around the layout of industry sectors with industrial trends to improve the flexibility of portfolio. For alternative investments, we emphasised on both investment and management and orderly exited from existing listed projects. At the same time, we grasped investment opportunities and kept paying attention to high-growth quality enterprises to prudently select our new and premium investments.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life, China Continent Insurance and products from insurance asset managers for management¹ with China Re AMC acting as the trustee, domestic credit bond investment accounted for 13.98% of entrusted assets under the management of China Re AMC, of which bonds with AAA rating accounted for 98.44%, and bonds with AA rating² and above accounted for 100%. Currently, there is no bond default and the risk is generally controllable.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life and China Continent Insurance and products from insurance asset managers for management with China Re AMC acting as the trustee, domestic non-standard assets³ directly held by China Re AMC accounted for 5.95% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 80.88%. The top three industries in terms of positions held were public utility, real estate and transportation, accounting for 28.05%, 25.87% and 23.87%, respectively.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, we actively responded to changes in the external environment such as the aggravation of macro and capital market risks, reviewed and further improved the investment risk limit management, the key points of which included the evaluation and adjustment of the list of industries and regions with high credit risk, the careful addition of limit for urban investment high-risk regions, and the adjustment of limit for real estate industry. Moreover, we continued to carry out rating and credit management, track asset quality, investigate and review holding risks and strengthen risk management of off-balance sheet businesses, to control the relevant risks within acceptable limits. In terms of risks in overseas markets, we strengthened our overseas market research and judgment, carried out special investigations of geo-risks, improved the management of duration and concentration, and enhanced monitoring on the adverse fluctuation of individual bond and stock prices to avoid further losses, as well as the tracking and stress testing of portfolio indicators, so as to achieve the management objective of risk diversion.

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

On 23 June 2016, China Re AMC initiated to establish China Re – Bairong World Trade Center Real Estate Debt Investment Scheme with a term of 11 years. The subscription amount by China Re P&C, China Re Life and China Continent Insurance was RMB8.0 billion in total. A principal of RMB1,540 million in total for such scheme was repaid five times on 27 June 2017, 27 June 2018, 27 June 2019, 30 July 2019 and 20 December 2019, respectively. Since 2020, China Re AMC has taken legal measures on behalf of the investment plan due to failure of the debt-servicing entity and the guarantor of the investment plan to make timely payments relating to the investment plan.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Performance

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

Unit: in RMB millions, except for percentages

Investment income	2023	2022 (Restated)
Cash and fixed-income investments	10,547	7,605
Interest income	10,615	10,203
Realised losses	(654)	(1,100)
Unrealised gains/(losses)	451	(1,096)
Impairment losses	135	(402)
Equity and investment funds	(1,963)	(3,806)
Dividend income	2,870	2,847
Realised losses	(3,523)	(2,065)
Unrealised losses	(1,310)	(4,588)
Other investments	2,107	(1,301)
Share of profit of associates	1,960	(590)
Other gains ¹	147	161
Impairment losses	–	(872)
Interest expenses on financial assets sold under agreements to repurchase	(1,387)	(995)
Total investment income²	9,304	1,503
Total investment yield (%) ⁴	2.77	0.47
Net investment income ³	14,370	11,742
Net investment yield (%) ⁴	4.28	3.66

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

2. Total investment income = Investment income after deducting non-insurance investment contracts and derivative financial instruments related to life insurance business + interest income + share of profit of associates + impairment loss of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other assets – loss on dilution of equity in associates.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Net investment income = Interest income + dividend income + rental income + share of profit of associates – interest expenses on financial assets sold under repurchase agreements.
4. Total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period.

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

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

In 2023, the Group's total investment income was RMB9,304 million, representing a year-on-year increase of 519.0%. The net investment income was RMB14,370 million, representing a year-on-year increase of 22.4%. The increase in investment income was mainly because firstly, we actively seized structural opportunities to optimise the structure of equity positions, thus achieving a year-on-year increase in the return on equity and fund investments. Secondly, the domestic bond prices went up, income from cash and fixed-income investments increased. Thirdly, in 2022, the capital market experienced significant fluctuations due to the impact of geopolitical conflicts and macroeconomic pressure, which led to losses in some investment businesses, and the year-on-year base of investment income was relatively low. In 2023, the total investment yield was 2.77%, representing a year-on-year increase of 2.30 percentage points. The net investment yield was 4.28%, representing a year-on-year increase of 0.62 percentage points.

INSURANCE INTERMEDIARY BUSINESS

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and its subsidiary, Huatai Surveyors & Adjusters Company. In 2023, Huatai Insurance Agency determined the medium-and-long-term strategic goal of “sprinting into the first camp in the field of insurance agency”. Adhering to the general principle of “seeking progress while ensuring stability and striving for innovation and transformation”, Huatai Insurance Agency continued to deepen the improvement of quality and efficiency as well as innovation and transformation, and well achieved the annual development goals.

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

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:

Unit: in RMB millions, except for percentages

	31 December 2023	31 December 2022	Change (%)
The Group			
Core capital	97,709	89,921	8.7
Available capital	121,423	108,961	11.4
Minimum capital	63,132	57,363	10.1
Core solvency adequacy ratio (%)	155	157	Decrease by 2 percentage points
Aggregated solvency adequacy ratio (%)	192	190	Increase by 2 percentage points
Group Company			
Core capital	82,783	74,237	11.5
Available capital	82,783	74,237	11.5
Minimum capital	20,223	11,693	72.9
Core solvency adequacy ratio (%)	409	635	Decrease by 226 percentage points
Aggregated solvency adequacy ratio (%)	409	635	Decrease by 226 percentage points
China Re P&C			
Core capital	17,966	17,580	2.2
Available capital	29,465	28,260	4.3
Minimum capital	11,850	14,811	(20.0)
Core solvency adequacy ratio (%)	152	119	Increase by 33 percentage points
Aggregated solvency adequacy ratio (%)	249	191	Increase by 58 percentage points
China Re Life			
Core capital	31,575	30,197	4.6
Available capital	43,131	37,565	14.8
Minimum capital	20,007	18,053	10.8
Core solvency adequacy ratio (%)	158	167	Decrease by 9 percentage points
Aggregated solvency adequacy ratio (%)	216	208	Increase by 8 percentage points
China Continent Insurance			
Core capital	20,930	20,799	0.6
Available capital	23,273	23,028	1.1
Minimum capital	8,894	8,847	0.5
Core solvency adequacy ratio (%)	235	235	Increase by 0.2 percentage points
Aggregated solvency adequacy ratio (%)	262	260	Increase by 1 percentage point

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 2023 have been audited by the auditors of the Company. If there is any discrepancy between the solvency data disclosed in this annual report and the results announcement, this annual report shall prevail.
4. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former CBIRC, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

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

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the “Summary of Solvency Reports” as of the end of the fourth quarter of 2023 of the Group Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, will be disclosed on their official websites respectively and the website of Insurance Association of China in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Shareholders and investors are advised by the Board to pay attention to the following key operating indicators extracted from the Summary of Solvency Report as of the end of the fourth quarter of 2023:

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
31 December 2023				
Total assets	94,959	130,280	243,279	90,823
Net assets	62,286	21,940	19,465	24,279
Insurance contract liabilities	23,322	64,346	151,133	45,952
For the year ended 31 December 2023				
Insurance income	17,731	50,578	62,504	49,562
Net profit	1,238	1,079	610	116
Basic earnings per share (RMB)	0.029	0.094	0.075	0.008
Return on equity (%)	2.00	5.07	3.16	0.48
Return on total assets (%)	1.38	0.91	0.26	0.13
Investment yield (%)	2.67	2.06	3.27	1.11
Combined investment yield (%)	2.56	2.49	3.23	1.26

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
For the year ended 31 December 2023		
Premiums of signed policies (total premiums for policies sold)		49,304
Premiums of signed policies for motor insurance		24,862
Premiums of signed policies for top 5 non-motor insurance		20,198
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/number of new motors underwritten)		1,877
Premiums of signed policies by channels		49,304
Premiums of signed policies of agency channels		27,651
Premiums of signed policies of direct sale channels		15,476
Premiums of signed policies of brokerage channels		6,178
Premiums of signed policies of other channels		0

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

2. The solvency related data as at 31 December 2023 have been audited by the auditors of the Company.

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

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

EXCHANGE RATE FLUCTUATION RISK

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

MANAGEMENT DISCUSSION AND ANALYSIS

DETAILS OF ASSETS CHARGED AND BANK BORROWINGS

As at 31 December 2023, bonds with a carrying value of RMB18,017 million (as at 31 December 2022: RMB16,812 million) were pledged as collateral for the securities sold under agreements to repurchase resulting from debt repurchase transactions entered into by the Group in the interbank market.

For debt repurchase transactions through the stock exchange, the Group is required by the stock exchange to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transactions during the repurchase period. As at 31 December 2023, the carrying value of bonds deposited in the collateral pool was RMB60,095 million (as at 31 December 2022: RMB52,129 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

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

CONTINGENCIES

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

- (1) As at 31 December 2023, the Group Company provided maritime guarantee of RMB1,359 million (31 December 2022: RMB1,671 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.

- (2) As at 31 December 2023, CRIH provided the letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP420 million totally (31 December 2022: GBP350 million).
- (3) During the Reporting Period, CRIH entered into Tier 1 securities lending arrangements for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP100 million and USD75 million (31 December 2022: GBP100 million and USD75 million) respectively.

MAJOR EVENTS

Material Connected Transactions

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

In addition, the related-party transactions set out in Note 50 to the financial statements do not constitute the connected transactions under the Hong Kong Listing Rules. Therefore, they are not subject to the requirements of reporting, announcement or independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER MAJOR EVENTS

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

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

China Re P&C redeemed the capital supplementary bonds

On 13 July 2018 and 17 August 2018, the Company published the announcements in relation to the “Approval of the Issuance of Capital Supplementary Bonds by China Re P&C” and the “Completion of the Issuance of Capital Supplementary Bonds by China Re P&C” respectively. China Re P&C has successfully issued capital supplementary bonds with a total principal amount of RMB4.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 4.97% for the first five years, and China Re P&C has conditional redemption rights at the end of the fifth year. In the event that China Re P&C does not exercise the redemption rights, the annual coupon rate of the capital

supplementary bonds will be 5.97% for the remaining five years. On 17 August 2023, after reporting to the People’s Bank of China and the National Financial Regulatory Administration for record, China Re P&C has completed the exercise of redemption rights, and fully redeemed the capital supplementary bonds in the National Interbank Bond Market with RMB4.0 billion.

China Re Life completed the issuance of capital supplementary bonds

On 23 August 2023 and 4 September 2023, the Company published the announcements in relation to the “Approval of the Issuance of Capital Supplementary Bonds by China Re Life” and the “Completion of the Issuance of Capital Supplementary Bonds by China Re Life” respectively. China Re Life has successfully issued capital supplementary bonds with a total principal amount of RMB5.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 3.24% for the first five years, and China Re Life has conditional redemption rights at the end of the fifth year. In the event that China Re Life does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 4.24% for the remaining five years. The proceeds from the issuance of the capital supplementary bonds will be used to replenish the capital of China Re Life in accordance with applicable laws and the approval of the regulatory authorities so as to improve its solvency and support the sustainable and steady development of its business.

China Re Life redeemed the capital supplementary bonds

On 15 November 2018 and 29 November 2018, the Company published the announcements in relation to the “Approval of the Issuance of Capital Supplementary Bonds by China Re Life” and the “Completion of the Issuance of Capital Supplementary Bonds by China Re Life” respectively. China Re Life has successfully issued capital supplementary bonds with a total principal amount of RMB5.0 billion publicly in the National Interbank Bond Market. The capital supplementary

MANAGEMENT DISCUSSION AND ANALYSIS

bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 4.80% for the first five years, and China Re Life has conditional redemption rights at the end of the fifth year. In the event that China Re Life does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 5.80% for the remaining five years. On 29 November 2023, after filing with the People's Bank of China and the National Financial Regulatory Administration, China Re Life has completed the exercise of its redemption right to redeem the capital supplementary bonds in full at RMB5.0 billion in the National Interbank Bond Market.

PROSPECTS

Market Environment

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

For the primary P&C insurance market, as the confidence of China's economic entities further increases, economic vitality will be released, the pace of industrial upgrading will accelerate, and the emerging engines of digitalisation, green and high-end development are also growing. With the coordinated implementation of a series of national strategies such as Healthy China, rural revitalisation, and coordinated regional development, more and more customers have demand for risk mitigation management, which will bring more room and opportunities for the development of the insurance industry. In the field of

Healthy China, innovative product reserves such as new citizens, special drugs, and inclusive insurance are constantly improving, further boosting the insurance demand of various customer groups. In the field of rural revitalisation, we will fully implement the breeding industry revitalisation strategy, and steadily increase the coverage of breed production insurance. The transformation and upgrading from cost insurance to output insurance, price insurance, and income insurance will bring in development opportunities. In the field of green development, green insurance service capabilities will continuously improve. In the field of a technology-empowered nation, product and service innovation in strategic emerging industries will continue to deepen. In the field of social governance, the liability insurance development model will further deepen, and the "insurance + technology + service" innovative model will be effectively promoted.

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

In respect of the P&C reinsurance market, further strengthening and optimising industry supervision will help promote the further integration of the insurance industry into the larger financial landscape, achieving high-quality transformation. A new round of scientific and technological revolution and industrial transformation is accelerating, with advanced technologies such as artificial intelligence, the Internet of Things, and big data continuously penetrating into the insurance industry. The logic and value of the industry are quietly changing. In the international market, intensifying climate change, frequent natural catastrophes, rising losses, inflation and other factors

MANAGEMENT DISCUSSION AND ANALYSIS



are driving up the demand side of reinsurance. At the same time, improved rate conditions and a rebound in investment are also driving up the supply side. In the domestic market, the demand for reinsurance in areas such as disaster risks, emerging risks, and special risks is growing steadily, and the central role of reinsurance in risk pricing and accumulation management will become more prominent.

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

In respect of the development of capital market and use of insurance funds, the global economy is currently facing a cycle turning point and policy shift. Geopolitical risks and other factors are driving in-depth adjustments to capital flows and industrial layout. China's economic development is still facing strategic opportunities and risks and challenges at the same time, with favourable conditions outweighing unfavourable

factors, so that the momentum of economic recovery continues to consolidate. Overall, in an environment with low interest rates amid a "shortage of quality assets", it is increasingly difficult for insurance funds to balance investment income and volatility.

Outlook of the Group

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

In respect of the P&C reinsurance business, we will continue to deepen reform and innovation, deeply serve the national strategies, consolidate the leading position in the domestic market, make

MANAGEMENT DISCUSSION AND ANALYSIS

effort in business segments with higher growth rate such as health insurance, agriculture insurance and new liability insurance, enhance the resilience of international business operations, improve the level of refined management, strengthen risk prevention and control, and continuously promote the high-quality development of the Company to a new level.

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

In respect of the P&C reinsurance business, we will firmly grasp the top priority of high-quality development, solidly implement the new blueprint of “Value Continent”, accelerate reform and innovation, adhere to the business approach of “demonstrating value, strengthening assessment, cultivating talents, and preventing risks”, improve operational quality and efficiency, and ensure the achievement of annual operating targets, so as to promote high-quality development of the Company. In terms of motor insurance, we will continue to deepen professional

operations, make every effort to promote production-channel collaboration, make practical moves in areas such as commercial vehicle fleet operations, second-hand vehicle channel operations, and new energy vehicle head office-to-head office direct sales, and deepen the underwriting and claim linkage management strategy. In terms of P&C insurance, we will achieve breakthroughs in product innovation, customer demand integration, business operation capacity building, etc., create a “policy agricultural insurance + N” product system, promote the layout of long-term care insurance, accelerate the development of group health insurance, and continuously optimise credit guarantee insurance business and regional structure to improve efficiency levels.

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

CHINA REINSURANCE

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GRANCE



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
Yang Changsong	May 1966	Non-executive Director	November 2022
Li Wenfeng	October 1981	Non-executive Director	August 2023
Jiang Bo	December 1955	Independent Non-executive Director	December 2018
Dai Deming	October 1962	Independent Non-executive Director	August 2023
Ye Mei	April 1966	Independent Non-executive Director	December 2023

- Notes: 1. Mr. Liu Xiaopeng ceased to serve as a non-executive Director since 29 August 2023 when the fifth session of the Board officially took office.
2. Mr. Li Bingquan ceased to serve as a non-executive Director since 4 January 2024.
3. Each of Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung ceased to serve as an independent non-executive Director since 29 August 2023 when the fifth session of the Board officially took office.
4. Mr. Li Wenfeng has served as a non-executive Director since 29 August 2023 when the first meeting of the fifth session of the Board was convened.
5. Mr. Dai Deming has served as an independent non-executive Director since 29 August 2023 when the first meeting of the fifth session of the Board was convened.
6. Ms. Ye Mei has served as an independent non-executive Director since 20 December 2023.
7. As approved by the first extraordinary general meeting of 2024, Ms. Jia Xiangxiang and Mr. Zhou Zheng have been appointed as Directors, and their formal performance of duties is subject to the approval of their qualifications as Directors by the National Financial Regulatory Administration and the performance of the procedures stipulated in the Articles of Association.
8. 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.

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
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

Note: 1. Mr. Zhu Yong ceased to serve as the Shareholder Representative Supervisor since 19 January 2024.

Senior Management

Name	Month and Year of Birth	Position	Date of Appointment
Zhuang Qianzhi	January 1972	President	March 2023
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	Assistant to President Chief Actuary Financial Controller	July 2023 December 2012 October 2023
Cao Shunming	August 1974	Assistant to President Compliance Controller Chief Risk Officer	July 2023 March 2022 July 2023
Liu Yuanzhang	February 1978	Assistant to President	March 2024

Notes: 1. Mr. Zhuang Qianzhi has served as the President since 17 March 2023 and ceased to serve as the Chief Risk Officer since 7 July 2023.

2. Mr. Lei Jianming has served as the Vice President since 30 March 2023 and ceased to serve as the Assistant to President since 30 March 2023.

3. Mr. Tian Meipan has served as the Assistant to President since 7 July 2023 and the Financial Controller since 17 October 2023.

4. Mr. Cao Shunming has served as the Assistant to President and Chief Risk Officer since 7 July 2023.

5. Mr. Liu Yuanzhang has served as the Assistant to President since 19 March 2024.

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 and the chairman of the board of directors 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, 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 and the chairman of CNIP.

Mr. Zhuang Qianzhi (莊乾志), is the Vice Chairman, an executive Director and the President 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, Compliance Controller and Chief Risk Officer of the Company. He has been 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. He is also currently the chairman of China Re Life and China Re AMC.

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, a non-executive director of Industrial and Commercial Bank of China Limited and Bank of China Limited, and an invited researcher of the National Institute of Financial Research of Tsinghua University. She has been a non-executive Director of the Company since August 2019. She is currently serving as a director of China Re AMC, a member of the Academic Committee of the China Institute for Rural Studies of Tsinghua University and a doctoral supervisor of Southwestern University of Finance and Economics.

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.

Mr. Li Wenfeng (李文峰), is a non-executive Director of the Company. He holds a master's degree in finance and is an auditor, an international certified internal auditor. Mr. Li served as a staff member and a deputy senior staff member of Jinan Resident Audit Office of the NAO; a staff member of Information and Post Audit Bureau of the NAO; the manager of the general office of the board of supervisors/internal audit department, the manager of the general office/general office of the board of directors, the senior deputy manager of the general office/general office of the board of directors/party committee office of China Investment Corporation; and the senior deputy manager of the Securities Institution Management Department/Insurance Institution Management Department and the senior deputy manager, senior manager of the Office of the Directly Managed Enterprises Leading Group/Equity Management Department II of Central Huijin Investment Ltd. He is currently the director of the Office of the Directly Managed Enterprises Leading Group/Institution III of Equity Management Department II of Central Huijin Investment Ltd. Mr. Li has been a non-executive Director of the Company since August 2023.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Independent Non-executive Directors

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.

Mr. Dai Deming (戴德明), is an independent non-executive Director of the Company and holds a doctoral degree in economics. He served as the dean of the Accounting Department of the School of Business of Renmin University of China and the vice chairman of Accounting Society of China. He successively served as an external supervisor of China Construction Bank Corporation, an independent non-executive director of various companies including CSR Corporation Limited, China Zheshang Bank Co., Ltd., Haier Smart Home Co., Ltd. and CSC Financial Co., Ltd., an external director of Angang Group Company Limited, China Iron & Steel Research Institute Group, and State Power Investment Corporation Limited. Mr. Dai currently serves as an independent non-executive director of Power Construction Corporation of China, Ltd., Poly Developments and Holdings Group Co., Ltd., China Great Wall Securities Co., Ltd. and BOC Aviation Limited. Mr. Dai has been an independent non-executive Director of the Company since August 2023.

Ms. Ye Mei (葉梅), is an independent non-executive Director of the Company and holds a master's degree in public management. Ms. Ye served as the manager of the strategy department of E*TRADE Financial Corporation (currently known as E*TRADE from Morgan Stanley), a consultant and an external senior consultant of McKinsey & Company, a senior consultant of Eurazeo, an independent director of Shenyin & Wanguo Securities Co., Ltd., and an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. Ms. Ye is currently an independent director of Bekaert SA and an independent director of Jamieson. Ms. Ye has been an independent non-executive Director of the Company since December 2023.

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-practising member) and an associate research fellow. 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. 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 and the director of China Re AMC. 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** (莊乾志), 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, as well 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 a director of China Insurance Media Company Ltd. (now known as China Banking and Insurance Media Company Ltd.). She is currently the chairman of China Re P&C.

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 President of the Company, has been the Vice President of the Company since March 2023, and is currently the vice chairman and president of China Continent Insurance.

Mr. Tian Meipan (田美攀), is the Assistant to President, the Chief Actuary and the Financial Controller of the Company, and holds a master’s degree in economics. 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 the chief actuary and deputy general manager of China Re Life. Mr. Tian is now an executive director and the general manager of China Re Life, and the chairman of China Re HK. Mr. Tian has been the Chief Actuary of the Company since December 2012, the Assistant to President of the Company since July 2023 and the Financial Controller of the Company since October 2023. Mr. Tian has obtained the qualification of actuary in North America and the PRC.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Cao Shunming (曹順明), is the Assistant to President, the Compliance Controller and Chief Risk Officer 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 employee representative supervisor, the legal controller, the general manager of the risk management department of the Company and the chairman of the supervisory committee of Huatai Insurance Agency. Mr. Cao currently serves as the general manager of the internal control, compliance and legal affairs department of the Company, and the chairman of China Re Catastrophe. Mr. Cao has been the Compliance Controller of the Company since March 2022 and the Assistant to President and Chief Risk Officer of the Company since July 2023. Mr. Cao holds a lawyer qualification in the PRC.

Mr. Liu Yuanzhang (劉元章), is the Assistant to President, and holds a master's degree in economics. Mr. Liu had served as the director of human resources department (party committee organisation department), assistant to the general manager/assistant to the director, deputy general manager/deputy director and general manager/director of the Company, and the chairman of Huatai Insurance Agency, etc. He now concurrently serves as the human resources director and general manager of the human resources department of the Company. Mr. Liu has been the Assistant to President of the Company since March 2024.

Joint Company Secretaries

For the biography of **Ms. Zhu Xiaoyun** (朱曉雲), 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 23 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 China BlueChemical 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
Liu Xiaopeng	Non-executive Director	Nil	Ceased to serve as a non-executive Director since 29 August 2023 when the fifth session of the Board officially took office.
Hao Yansu	Independent non-executive Director	Nil	Ceased to serve as an independent non-executive Director since 29 August 2023 when the fifth session of the Board officially took office.
Li Sanxi	Independent non-executive Director	Nil	Ceased to serve as an independent non-executive Director since 29 August 2023 when the fifth session of the Board officially took office.
Mok Kam Sheung	Independent non-executive Director	Nil	Ceased to serve as an independent non-executive Director since 29 August 2023 when the fifth session of the Board officially took office.
Li Bingquan	Non-executive Director	Secretary to the disciplinary committee	Ceased to serve as a non-executive Director since 4 January 2024.
Li Wenfeng	Nil	Non-executive Director	Has served as a non-executive Director since 29 August 2023 when the first meeting of the fifth session of the Board was convened.
Dai Deming	Nil	Independent non-executive Director	Has served as an independent non-executive Director since 29 August 2023 when the first meeting of the fifth session of the Board was convened.
Ye Mei	Nil	Independent non-executive Director	Has served as an Independent non-executive Director since 20 December 2023.

For details of the retirement of Mr. Liu Xiaopeng, Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung, please refer to the announcements of the Company dated 15 February 2023, 3 March 2023 and 29 August 2023 and the supplemental circular of the Company dated 17 February 2023. For details of the resignation of Mr. Li Bingquan, please refer to the announcement of the Company dated 4 January 2024. For details of the appointment of Mr. Li Wenfeng and Mr. Dai Deming, please refer to the announcements of the Company dated 15 February 2023, 3 March 2023 and 29 August 2023 and the supplemental circular of the Company dated 17 February 2023. For details of the appointment of Ms. Ye Mei, please refer to the announcements of the Company dated 15 February 2023, 3 March 2023 and 20 December 2023 and the supplemental circular of the Company dated 17 February 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 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
Zhu Yong	Shareholder Representative Supervisor	Nil	Ceased to serve as a shareholder representative Supervisor since 19 January 2024.

For details of the resignation of Mr. Zhu Yong, please refer to the announcement of the Company dated 19 January 2024.

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
Zhuang Qianzhi	Vice President, Chief Risk Officer	President	Served as the provisional person-in-charge acting on behalf of the President between 1 November 2022 to 17 March 2023; has served as the President of the Company since 17 March 2023; and ceased to serve as the Chief Risk Officer of the Company since 7 July 2023.
Lei Jianming	Assistant to President	Vice President	Has served as the Vice President of the Company since 30 March 2023 and ceased to serve as the Assistant to President of the Company since 30 March 2023.
Tian Meipan	Chief Actuary	Assistant to President, Chief Actuary, Financial Controller	Has served as the Assistant to President of the Company since 7 July 2023 and the Financial Controller of the Company since 17 October 2023.
Cao Shunming	Compliance Controller	Assistant to President, Compliance Controller and Chief Risk Officer	Has served as the Assistant to President and Chief Risk Officer of the Company since 7 July 2023.
Liu Yuanzhang	Nil	Assistant to President	Has served as the Assistant to President of the Company since 19 March 2024.

For details of Mr. Zhuang Qianzhi's appointment as the President, please refer to the announcement of the Company dated 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 2023, the Group had a total of 50,015 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

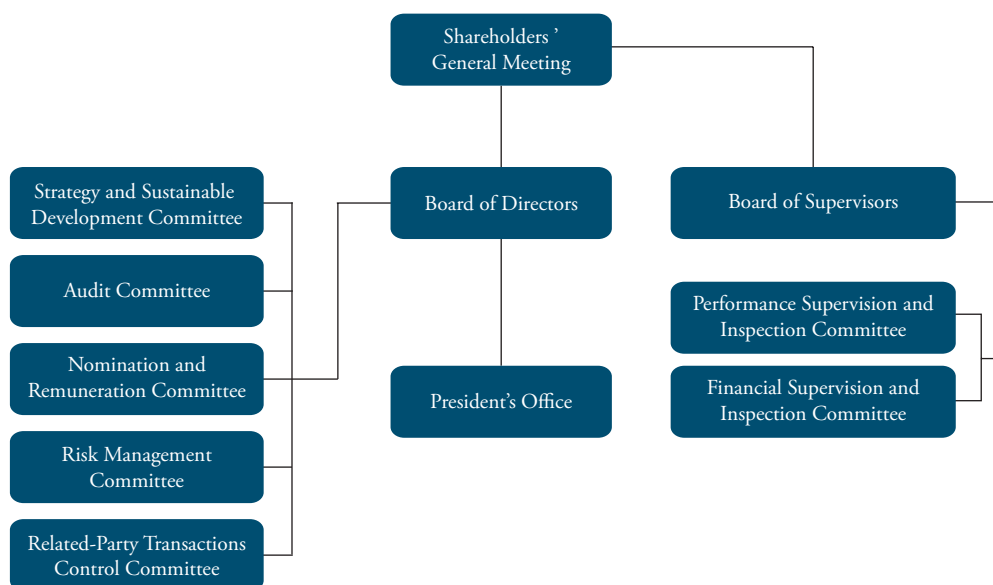
OVERVIEW

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, save as disclosed in the section headed "Board of Directors" below, the number of independent non-executive Directors of the Company for certain periods failed to meet the requirement that the number of independent non-executive Directors on the Board of Directors shall be at least three and no less than one-third of the Board of Directors as set out in Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules, and the composition of the Audit Committee under the Board of Directors and the Nomination and Remuneration Committee under the Board of Directors also failed to meet the requirement that the majority of independent non-executive Directors shall be independent non-executive Directors as set out in Rules 3.21, 3.25 and 3.27A of the Hong Kong Listing Rules, the Company has complied with all applicable code provisions set out in the Corporate Governance Code and adopted recommended best practices when applicable.

During the Reporting Period, the Company continued to strengthen the implementation of the Company's corporate culture through a number of measures, details of which are set out in the section headed "Statement from the Chairman" in this annual report.

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 and approve 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:

1. To consider and approve the Resolution on Matters regarding Remuneration of Directors and Supervisors of the Company for the Year 2021
2. To consider and approve the Resolution on Election of Directors for the Fifth Session of the Board of Directors
 - 2.1 To consider and approve the election of Mr. He Chunlei as an executive Director for the fifth session of the Board of Directors
 - 2.2 To consider and approve the election of Mr. Zhuang Qianzhi as an executive Director for the fifth session of the Board of Directors

CORPORATE GOVERNANCE REPORT

- 2.3 To consider and approve the election of Ms. Wang Xiaoya as a non-executive Director for the fifth session of the Board of Directors
- 2.4 To consider and approve the election of Mr. Li Bingquan as a non-executive Director for the fifth session of the Board of Directors
- 2.5 To consider and approve the election of Mr. Yang Changsong as a non-executive Director for the fifth session of the Board of Directors
- 2.6 To consider and approve the election of Mr. Li Wenfeng as a non-executive Director for the fifth session of the Board of Directors
- 2.7 To consider and approve the election of Ms. Jiang Bo as an independent non-executive Director for the fifth session of the Board of Directors
- 2.8 To consider and approve the election of Mr. Dai Deming as an independent non-executive Director for the fifth session of the Board of Directors
- 2.9 To consider and approve the election of Ms. Ye Mei as an independent non-executive Director for the fifth session of the Board of Directors
- 2.10 To consider and approve the election of Mr. Ma Ho Fai as an independent non-executive Director for the fifth session of the Board of Directors
3. To consider and approve the Resolution on Promotion and Establishment of China Reinsurance Digital Technology Co., Ltd. by the Company
4. To consider and approve the Report of the Board of Directors for the Year 2022
5. To consider and approve the Report of the Board of Supervisors for the Year 2022
6. To consider and approve the renewal of liability insurance for Directors, Supervisors and senior management
7. To consider and approve the Final Financial Accounts Report for the Year 2022
8. To consider and approve the Profit Distribution Plan for the Year 2022
9. To consider and approve the Investment Budget for Fixed Assets for the Year 2023
10. To consider and approve the 2023-2025 Three-Year Rolling Capital Plan

CORPORATE GOVERNANCE REPORT

11. To consider and approve the Engagement of Statutory Financial Reporting Auditors and Related Fees for the Year 2023
12. To consider and approve the External Donations for the Year 2023
13. To consider and approve the amendments to the Articles of Association
14. To consider and approve the amendments to the Rules of Procedure of the Shareholders' General Meetings
15. To consider and approve the amendments to the Rules of Procedure of the Board of Directors

The following reports were listened:

1. To listen to the Performance Report of the Directors for the Year 2022
2. To listen to the Performance Report of the Independent Directors for the Year 2022
3. To listen to the Evaluation Report of the Performance of the Board of Supervisors for the Year 2022
4. To listen to the Report on the Overall Related-Party Transactions and the Evaluation of Internal Transactions for the Year 2022
5. To listen to the Review and Analysis of Solvency for the Year 2022

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 general meeting shall be convened by the Company within two months after the occurrence of the fact. 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.

CORPORATE GOVERNANCE 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.

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.

CORPORATE GOVERNANCE REPORT

Composition

As at the end of the Reporting Period, the Board comprised nine Directors, consisting of two executive Directors, four non-executive Directors and three 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
Li Bingquan	Non-executive Director
Yang Changsong	Non-executive Director
Li Wenfeng	Non-executive Director
Jiang Bo	Independent Non-executive Director
Dai Deming	Independent Non-executive Director
Ye Mei	Independent Non-executive Director

- Notes: 1. Mr. Li Wenfeng has served as a non-executive Director of the Company and Mr. Dai Deming has served as an independent non-executive Director of the Company since 29 August 2023.
2. Mr. Liu Xiaopeng has ceased to serve as a non-executive Director of the Company, and Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung have ceased to serve as independent non-executive Directors of the Company, with effect from the date when the fifth session of the Board of Directors officially took office on 29 August 2023.
3. Ms. Ye Mei has served as an independent non-executive Director of the Company since 20 December 2023.
4. Mr. Li Bingquan has ceased to be a non-executive Director of the Company since 4 January 2024.

During the Reporting Period, save as disclosed below, the Board of Directors complied with Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules in relation to the number and proportion of independent non-executive Directors in the Board of Directors, and Rules 3.21, 3.25 and 3.27A of the Hong Kong Listing Rules in relation to the requirement of a majority of independent non-executive Directors in the Audit Committee under the Board of Directors and the Nomination and Remuneration Committee under the Board of Directors.

CORPORATE GOVERNANCE REPORT

References are made to the announcements of the Company dated 29 August 2023, 4 December 2023, 20 December 2023, 27 December 2023 and 29 February 2024, respectively. From 29 August 2023 to 26 December 2023, as the qualifications of Ms. Ye Mei and Mr. Ma Ho Fai as independent non-executive Directors were subject to the approval of the National Financial Regulatory Administration, the composition of the Audit Committee did not meet the requirement of a majority of independent non-executive directors as required under Rule 3.21 of the Hong Kong Listing Rules. The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, an extension of the period for the Company to comply with Rule 3.21 of the Hong Kong Listing Rules to 31 March 2024. Ms. Ye Mei officially performed her duties as an independent non-executive Director of the Company on 20 December 2023. Following the appointment of Ms. Ye Mei as a member of the Audit Committee on 27 December 2023, the composition of the Audit Committee has complied with the requirement under Rule 3.21 of the Hong Kong Listing Rules. Upon Ms. Ye Mei's appointment as a member of the Nomination and Remuneration Committee of the Board on 29 February 2024, the composition of the Nomination and Remuneration Committee of the Board has met the requirements as stipulated in Rules 3.25 and 3.27A of the Listing Rules.

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.

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 plans of the Company; (4) formulating the development strategies of the Company and supervising the implementation of the strategies; (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 increases or reductions of our registered capital and the issue of corporate bonds, shares, warrants or other securities by the Company or the listing of the Company; (8) formulating plans for significant acquisition of the Company, the repurchase 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 Board meetings 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 officers of the Company, and implementing reviews as well as determining remuneration and relevant rewards and punishment arrangements with respect to such personnel; supervising the performance of duties of management; appointing or removing members of each specialised committees 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, bearing ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports; (17) submitting to the shareholders' general meeting on the appointment or removal of an accounting firm which shall conduct regular statutory audit on the financial reports of the Company; (18) considering and approving, or authorising the related-party transactions control committee under the Board to approve related 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 the external investment, purchases of assets, disposal and write-off of assets, external donations and asset mortgage except for the functions and powers attributable to the shareholders' general meeting as stipulated in Article 69 of the Articles of Association; (20) considering and approving matters related to the Company's data governance in accordance with laws, regulations and regulatory requirements; (21) formulating the Company's capital plan and undertaking the ultimate responsibility for capital or solvency management; (22) undertaking the ultimate responsibility for the integrity and effectiveness of the comprehensive risk management system, including but not limited to formulating the overall objectives of risk management, risk appetite, risk tolerance, risk management and internal control policies; (23) listening to the report from the Company's president on the operation and management, and inspecting the work of the president; (24) recruiting an external auditor to carry out the audit of the directors and senior management officers of the Company; (25) safeguarding the legitimate rights and interests of financial consumers and other stakeholders of the Company; (26) establishing a mechanism for the identification, review and management of conflicts of interest between the Company and its shareholders, in particular the substantial shareholders; (27) assuming the responsibility for the management of the affairs of the shareholders; and (28) exercising such other functions and powers as granted by the laws, 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 (%)
He Chunlei	2/2	100
Zhuang Qianzhi	1/2	50
Wang Xiaoya	2/2	100
Li Bingquan	2/2	100
Yang Changsong	2/2	100
Li Wenfeng	0/0	0
Liu Xiaopeng	2/2	100
Jiang Bo	2/2	100
Dai Deming	0/0	0
Ye Mei	0/0	0
Hao Yansu	1/2	50
Li Sanxi	2/2	100
Mok Kam Sheung	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 (%)
He Chunlei	12/12	100	0/12	0
Zhuang Qianzhi	11/12	91.67	1/12	8.33
Wang Xiaoya	12/12	100	0/12	0
Li Bingquan	12/12	100	0/12	0
Yang Changsong	12/12	100	0/12	0
Li Wenfeng	5/5	100	0/5	0
Liu Xiaopeng	7/7	100	0/7	0
Jiang Bo	12/12	100	0/12	0
Dai Deming	5/5	100	0/5	0
Ye Mei	1/1	100	0/1	0
Hao Yansu	6/7	85.71	1/7	14.29
Li Sanxi	7/7	100	0/7	0
Mok Kam Sheung	7/7	100	0/7	0

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Board held a total of 12 meetings, at which 73 resolutions were considered and approved and 14 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 National Financial Regulatory Administration 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 2023. 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. He Chunlei, Mr. Zhuang Qianzhi, Ms. Wang Xiaoya, Mr. Liu Xiaopeng, Mr. Li Bingquan, Mr. Yang Changsong, Mr. Li Wenfeng, Ms. Jiang Bo, Mr. Dai Deming, Ms. Ye Mei, Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung) 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. Mr. Zhuang Qianzhi has undertaken the duties of acting president from 1 November 2022. Mr. He Chunlei has served as the Chairman of the Company since 7 December 2022. On 17 March 2023, the Company formally appointed Mr. Zhuang Qianzhi as the President 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 under 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 Wenfeng, and two independent non-executive Directors, being Ms. Jiang Bo (chairlady) and Mr. Dai Deming.

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 2023, 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 Sustainable Development 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 Sustainable Development Committee

Composition

As at the end of the Reporting Period, the Strategy and Sustainable Development Committee comprised five Directors, including two executive Directors and three non-executive Directors.

Chairman: He Chunlei (executive Director)

Members: He Chunlei (executive Director), Zhuang Qianzhi (executive Director), Wang Xiaoya (non-executive Director), Li Bingquan (non-executive Director) and Yang Changsong (non-executive Director)

Note: On 29 August 2023, a Board meeting was held to elect Mr. Li Bingquan as a member of the Strategy and Sustainable Development Committee. Since 4 January 2024, Mr. Li Bingquan has ceased to be a member of the Strategy and Sustainable Development Committee.

Duties and Responsibilities

The Strategy and Sustainable Development 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.

Note: At the 39th meeting of the fourth session of the Board of Directors of the Company, the Resolution on the Amendments to the Working Rules for the Strategy and Investment Committee under the Board of Directors of China Reinsurance (Group) Corporation (the "Working Rules") was considered and approved. The Company renamed the "Strategy and Investment Committee under the Board of Directors" to the "Strategy and Sustainable Development Committee under the Board of Directors". According to the revised working rules, the Strategy and Sustainable Development Committee under the Board of Directors shall coordinate the performance of the environmental, social and governance (the "ESG") related responsibilities; review the Company's green financial development strategy, green financial objectives and green financial reports; supervise and assess the implementation of the Company's green financial development strategy; review the Company's social responsibility report for the year, the climate change strategy associated with the Company's business operation, ESG work objectives and their work progress, as well as other matters in the ESG aspect that the Company shall actually submit to the Board of Directors in accordance with the laws, regulations and regulatory requirements. The resolution was considered and approved by the Board of Directors on 25 April 2023 and officially implemented upon the approval of the revised Articles of Association of the Company by the National Financial Regulatory Administration on 29 January 2024.

CORPORATE GOVERNANCE REPORT

Summary of the Work Undertaken

During the Reporting Period, the Strategy and Sustainable Development Committee held a total of five meetings and considered and approved 13 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 (%)
He Chunlei	5/5	100	0/5	0
Zhuang Qianzhi	5/5	100	0/5	0
Wang Xiaoya	5/5	100	0/5	0
Li Bingquan	0/0	0	0/0	0
Yang Changsong	5/5	100	0/5	0

During the Reporting Period, the Strategy and Sustainable Development Committee thoroughly studied and discussed matters including the operation plans, budgets, report on the final accounts, profits distribution plan, social responsibility report, three-year rolling capital plan, strategic asset allocation three-year plan (2023-2025) and repayment of acquisition loan of Chaucer; 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: Dai Deming (independent non-executive Director)

Vice chairman: Li Bingquan (non-executive Director)

Members: Dai Deming (independent non-executive Director), Li Bingquan (non-executive Director), Wang Xiaoya (non-executive Director), Jiang Bo (independent non-executive Director) and Ye Mei (independent non-executive Director)

- Notes: 1. On 29 August 2023, a Board meeting was held to elect members of the specialised committees for the fifth session of the Board of Directors, to appoint Mr. Dai Deming as a member and the chairman of the Audit Committee for the fifth session of the Board of Directors, Mr. Li Bingquan as a member and the vice chairman of the Audit Committee for the fifth session of the Board of Directors, Ms. Wang Xiaoya and Ms. Jiang Bo as members of the Audit Committee for the fifth session of the Board of Directors. On the same day, Mr. Li Sanxi has ceased to be the chairman and a member of the Audit Committee. Mr. Liu Xiaopeng and Mr. Hao Yansu have ceased to be members of the Audit Committee.
2. Ms. Ye Mei has served as a member of the Audit Committee for the fifth session of the Board of Directors since 27 December 2023.
3. Mr. Li Bingquan has ceased to be the vice chairman and a member of the Audit Committee for the fifth session of the Board of Directors since 4 January 2024.

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 11 resolutions, and received 6 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 (%)
Dai Deming	4/4	100	0/4	0
Li Bingquan	9/9	100	0/9	0
Wang Xiaoya	4/4	100	0/4	0
Jiang Bo	9/9	100	0/9	0
Ye Mei	0/0	0	0/0	0
Liu Xiaopeng	5/5	100	0/5	0
Li Sanxi	5/5	100	0/5	0
Hao Yansu	5/5	100	0/5	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 four Directors, including two independent non-executive Directors and two non-executive Directors.

Chairlady: Jiang Bo (independent non-executive Director)

Vice chairman: Yang Changsong (non-executive Director)

Members: Jiang Bo (independent non-executive Director), Yang Changsong (non-executive Director), Li Wenfeng (non-executive Director) and Dai Deming (independent non-executive Director)

- Notes: 1. On 29 August 2023, a Board meeting was held to elect members of the specialised committees for the fifth session of the Board of Directors, to appoint Ms. Jiang Bo as a member and the chairlady of the Nomination and Remuneration Committee for the fifth session of the Board of Directors, Mr. Yang Changsong as a member and the vice chairman of the Nomination and Remuneration Committee for the fifth session of the Board of Directors, and Mr. Li Wenfeng and Mr. Dai Deming as members of the Nomination and Remuneration Committee for the fifth session of the Board of Directors. On the same day, Mr. Hao Yansu has ceased to be the chairman and a member of the Nomination and Remuneration Committee, and Mr. Li Bingquan, Mr. Li Sanxi and Ms. Mok Kam Sheung have ceased to be members of the Nomination and Remuneration Committee.
2. Ms. Ye Mei has served as a member of the Nomination and Remuneration Committee for the fifth session of the Board of Directors since 29 February 2024.

CORPORATE GOVERNANCE REPORT

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 18 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 (%)
Jiang Bo	3/3	100	0/3	0
Yang Changsong	8/8	100	0/8	0
Li Wenfeng	3/3	100	0/3	0
Dai Deming	3/3	100	0/3	0
Hao Yansu	5/5	100	0/5	0
Li Bingquan	5/5	100	0/5	0
Li Sanxi	5/5	100	0/5	0
Mok Kam Sheung	5/5	100	0/5	0

During the Reporting Period, the Nomination and Remuneration Committee discussed and studied matters including the budget and settlement for gross salaries of China Re, 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.

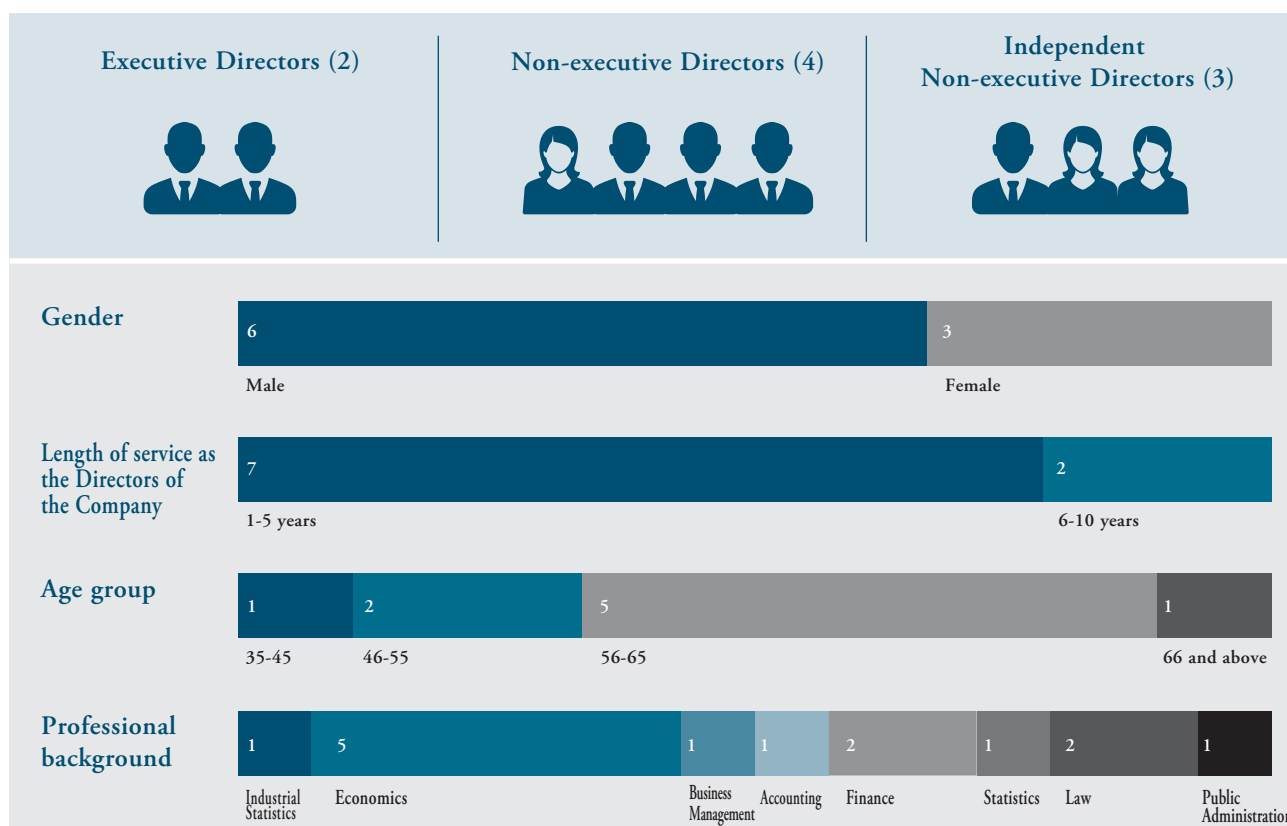
According to the provisions of laws and regulations, normative documents, regulatory requirements and the Articles of Association, election of Director candidates shall first go through preliminary review by the Nomination and Remuneration Committee who shall then make nomination to the Board, and the 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 comprises 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 five Directors, including one executive Director, 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: Jiang Bo (independent non-executive Director), Wang Xiaoya (non-executive Director), Zhuang Qianzhi (executive Director), Li Bingquan (non-executive Director) and Ye Mei (independent non-executive Director)

- Notes:
1. On 29 August 2023, a Board meeting was held to elect members of the specialised committees for the fifth session of the Board of Directors, to appoint Ms. Jiang Bo as a member and the chairman of the Risk Management Committee for the fifth session of the Board of Directors, Ms. Wang Xiaoya as a member and the vice chairlady of the Risk Management Committee for the fifth session of the Board of Directors, and Mr. Zhuang Qianzhi and Mr. Li Bingquan as members of the Risk Management Committee for the fifth session of the Board of Directors. On the same day, Mr. He Chunlei, Mr. Liu Xiaopeng and Mr. Hao Yansu ceased to be members of the Risk Management Committee.
 2. Ms. Ye Mei has served as a member of the Risk Management Committee for the fifth session of the Board of Directors since 27 December 2023.
 3. Mr. Li Bingquan has ceased to be a member of the Risk Management Committee since 4 January 2024.

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.

CORPORATE GOVERNANCE REPORT

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.

Summary of the Work Undertaken

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

CORPORATE GOVERNANCE 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	6/6	100	0/6	0
Wang Xiaoya	6/6	100	0/6	0
Zhuang Qianzhi	6/6	100	0/6	0
Li Bingquan	1/1	100	0/1	0
Ye Mei	0/0	0	0/0	0
He Chunlei	5/5	100	0/5	0
Liu Xiaopeng	5/5	100	0/5	0
Hao Yansu	5/5	100	0/5	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 three Directors, including one non-executive Director and two independent non-executive Directors.

Chairlady: Ye Mei (independent non-executive Director)

Vice chairman: Li Wenfeng (non-executive Director)

Members: Ye Mei (independent non-executive Director), Li Wenfeng (non-executive Director) and Dai Deming (independent non-executive Director)

- Notes: 1. On 29 August 2023, a Board meeting was held to elect members of the specialised committees for the fifth session of the Board of Directors, to appoint Mr. Li Wenfeng as a member and the vice chairman of the Related-Party Transactions Control Committee for the fifth session of the Board of Directors and Mr. Dai Deming as a member of the Related-Party Transactions Control Committee for the fifth session of the Board of Directors. On the same day, Mr. Hao Yansu ceased to serve as the chairman and a member of the Related-Party Transactions Control Committee. Mr. Liu Xiaopeng ceased to serve as the vice chairman and a member of the Related-Party Transactions Control Committee. Mr. Li Sanxi, Ms. Mok Kam Sheung and Ms. Jiang Bo ceased to serve as members of the Related-Party Transactions Control Committee.
2. Ms. Ye Mei has been appointed as a member and the chairlady of the Related-Party Transactions Control Committee for the fifth session of the Board of Directors since 27 December 2023.

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 five meetings, and considered and approved nine 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 (%)
Ye Mei	1/1	100	0/1	0
Li Wenfeng	1/1	100	0/1	0
Dai Deming	1/1	100	0/1	0
Hao Yansu	4/4	100	0/4	0
Liu Xiaopeng	4/4	100	0/4	0
Li Sanxi	4/4	100	0/4	0
Mok Kam Sheung	4/4	100	0/4	0
Jiang Bo	4/4	100	0/4	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

According to the Guidelines on Risk Management of Insurance Companies (Bao Jian Fa [2007] No. 23) and the Guidelines for Supervision on Consolidation of Accounts of Insurance Groups (Bao Jian Fa [2014] No. 96), the Company comprehensively analysed and evaluated its risk management system for 2023 twice. The evaluation involved various types of risks faced by the Company. The emphasis was on the evaluation of the implementation of risk management framework, management mechanisms of various types of risk and risk management process in all types of risk management. The evaluation found that the risk management system of the Company is well operated. The Board of Directors and the management approved of the effectiveness of the risk management 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 assessment on its internal control for 2023, and reviewed the design and operational effectiveness of the 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)

Note: 1. Mr. Zhu Yong has ceased to serve as a Supervisor, a member of the Performance Supervision and Inspection Committee and a member of the Financial Supervision and Inspection Committee under the Board of Supervisors since 19 January 2024.

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 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 13 resolutions and received 24 reports; the Performance Supervision and Inspection Committee under the Board of Supervisors held four 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 (%)
Zhu Hailin	6/6	100	0/6	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 2023.

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 department 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 Zhong Tian LLP, PricewaterhouseCoopers and their organisational members to provide audit and non-audit services. The Group shall pay RMB17.98 million as the service fee for audit and review of financial statements. The Group did not make any separate payment for non-audit services.

ARTICLES OF ASSOCIATION

During the Reporting Period, the Company made amendments to the Articles of Association. For details, please refer to the announcement and circular of the Company dated 25 April 2023 and 12 May 2023, respectively. On 29 January 2024, the National Financial Regulatory Administration approved the amended Articles of Association of the Company. For details, please refer to the announcement published by the Company on 2 February 2024.

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.

CORPORATE GOVERNANCE REPORT

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 published on the websites of the Company (www.chinare.com.cn) and the Hong Kong Stock Exchange in due course, and printed copies are sent to shareholders upon request. Directors (or their representatives) shall make an effort to attend annual general meetings to meet shareholders and answer their enquiries. Please refer to the "Investor Relations" section of the Company's website at www.chinare.com.cn for details of the arrangements for the publication of Corporate Communications and obtaining of printed copies of the Corporate Communications.

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.

CORPORATE GOVERNANCE REPORT

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 the Report of the Board of Directors of the Company for the year ended 31 December 2023, together with the audited financial statements of the Group for the year ended 31 December 2023.

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 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 response 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 2023 Corporate Social Responsibility Report prepared in accordance with the requirements of Appendix C2 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 (including compliance 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 and intensifying capital market fluctuations, the uncertainties in underwriting and investment businesses have increased;
2. The increased insurance losses from natural disasters resulting from increased frequency and intensity of extreme weather events all over the world has increased the uncertainty of business operation.

Non-adjusting Post Balance Sheet Date Events

Details are set out in Note 54 to the financial statements.

REPORT OF THE BOARD OF DIRECTORS

Future Business Development of the Group

Facing new opportunities and challenges, China Re will make every effort to embark on a new journey of “three-step” strategy towards high-quality development, always adhere to the centralized and unified leadership of the Central Committee of the Communist Party of China on financial work, firmly establish a people-centric value orientation, resolutely implement the overall business requirements of “expanding business scale, increasing underwriting profits and making prudent investment”, continuously strengthen the role of industry leader as a state-owned reinsurance group and the role of backbone in the building of the global risk governance system, steadily improve the four key development achievements, namely global ranking of reinsurance premium income, return on equity, international business proportion and global influence, continue to enhance the six core capabilities including digital transformation, product and service innovation, global operation and management, comprehensive risk management, refined management and talent team support, and build a new development pattern of “One Body with Two Wings”. By 2035, the Company shall become a world-class comprehensive reinsurance group with “distinct Chinese characteristics, prominent strategic role, well-defined professional advantages and outstanding position”. The Group will be the main force of the reinsurance industry to serve the real economy and the ballast stone of financial stability, and comprehensively improve corporate value, customer value and social value. Specific arrangements are as follows:

Firstly, during the gear up period (2023-2024), the Group will implement the Group’s “14th Five-Year” strategic plan, focus on improving the quality and efficiency of operation and management, lay a solid foundation for “stability” and accumulate momentum for “progress”. The Group will start the long-term layout from a holistic perspective and be fully prepared for the new round of high-level development in the future.

Secondly, during the breakthrough period (2025-2027), being the critical period for the successful conclusion of the 14th Five-Year Plan and the acceleration of the transformation of the “15th Five-Year Plan”, the Group will focus on innovation and transformation, accelerating the “progress” on the basis of “stability”, break through the bottlenecks with greater efforts, and strengthen both the soft power and hard power.

Thirdly, during the leaping period (2028-2035), the Group will achieve an industry leading level in terms of global business layout, refined operation and management, technological support capabilities, professional talent team and global brand influence, becoming a world-class comprehensive reinsurance group with first-class role, performance and capabilities.

REPORT OF THE BOARD OF DIRECTORS

RESULTS AND PROFIT DISTRIBUTION

The Group's profit for the year ended 31 December 2023 and the financial performance of the Group as at that date are set out on pages 152 to 160 in this annual report.

Final Dividend

The Board recommends the payment of a final dividend for the year ended 31 December 2023 of RMB0.042 per share (tax inclusive), totalling approximately RMB1,784 million (the "2023 Final Dividend"). The undistributed profit available for distribution to shareholders of the parent company as at 31 December 2023 determined in accordance with the China Accounting Standards amounted to RMB5,762 million. The 2023 Final Dividend is subject to the approval of shareholders of the Company at the 2023 annual general meeting, and is expected to be paid on Friday, 23 August 2024 to the shareholders whose names appear on the register of members of the Company as at Wednesday, 10 July 2024 and will be denominated and declared in Renminbi, while the dividend for H shares will be paid in Hong Kong dollars, which shall be calculated at the average central parity rate of Hong Kong dollars against Renminbi in the interbank foreign exchange market for the last five business days up to and including the date of the 2023 annual general meeting published by China Foreign Exchange Trade System as authorised by the PBOC.

The above profit distribution plan 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 2023 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	6,666,153,630	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	13,263,070	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. 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 RMB5,762 million. Details are set out in Note 53 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 32 and Note 33 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 2023, the enterprise annuity contribution amounted to approximately RMB69.91 million (not including Chaucer) and its defined benefit retirement plan contribution was approximately RMB5.59 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 2023 is RMB603,828 thousand (as at 31 December 2022: RMB558,431 thousand). The fair value of those assets accounts for 93.50% of the benefits provided to eligible employees. Details are set out in Note 2(23), Note 3(10) and Note 42(a) to the financial statements.

REPORT OF THE BOARD OF DIRECTORS

REMUNERATION OF SENIOR MANAGEMENT¹

During the Reporting Period, details of the remuneration of Directors and Supervisors are set out in Note 15 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	1
RMB1,500,001-RMB2,000,000	0
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 2023 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 16 to the financial statements. The amount of remuneration of the five highest paid individuals for 2023 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:

	Percentage of insurance income of the Group (%)
Largest insurance client	5.33%
Top five insurance clients in total	21.12%

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 a sound 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 9 major subsidiaries, namely China Re P&C, China Re Life, China Continent Insurance, China Re AMC, Huatai Insurance Agency, China Re DT, China Re UK, China Re Underwriting Agency Limited and China Re Hong Kong Company Limited. Details of the primary subsidiaries under the scope of consolidation are set out in Note 30(a) 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, China Re P&C and China Re Life, subsidiaries of the Company, redeemed the capital supplementary bonds, for details please refer to the section headed “Management Discussion and Analysis – Other Major Events” in this annual report.

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

REPORT OF THE BOARD OF DIRECTORS

ISSUANCE OF DEBENTURES

In order to broaden the sources of foreign exchange funds and optimise asset allocation, China Re 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 2023 (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 RMB4.0 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 RMB5.0 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 RMB4.0 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.

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 USD30.00 million. The issue of the catastrophe bonds is the first in Hong Kong and represents the specific measures that the insurance industry serves the State’s strategy and supports constructions in the Guangdong-Hong Kong-Macao Greater Bay Area.

On 2 May 2023 and 4 September 2023, China Re P&C and China Re Life have successfully issued the capital supplementary bonds with total principal amount of RMB4.0 billion and RMB5.0 billion publicly in the National Interbank Bond Market respectively, for details please refer to the section headed “Management Discussion and Analysis – Other Major Events” in this annual report.

CHARITABLE AND OTHER DONATIONS

During the Reporting Period, the Group made charitable and other donations of approximately RMB10.08 million in aggregate.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS¹

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

Executive Directors

Mr. He Chunlei (Chairman)

Mr. Zhuang Qianzhi (Vice Chairman)

Non-executive Directors

Ms. Wang Xiaoya

Mr. Yang Changsong

Mr. Li Wenfeng (has served as a non-executive Director since 29 August 2023)

Mr. Liu Xiaopeng (has ceased to serve as a non-executive Director since the fifth session of the Board of Directors officially performed their duties on 29 August 2023)

Mr. Li Bingquan (has ceased to serve as a non-executive Director of the Company since 4 January 2024)

Independent Non-executive Directors

Ms. Jiang Bo

Mr. Dai Deming (has served as an independent non-executive Director since 29 August 2023)

Ms. Ye Mei (has served as an independent non-executive Director since 20 December 2023)

Mr. Hao Yansu (has ceased to serve as an independent non-executive Director since the fifth session of the Board of Directors officially performed their duties on 29 August 2023)

Mr. Li Sanxi (has ceased to serve as an independent non-executive Director since the fifth session of the Board of Directors officially performed their duties on 29 August 2023)

Ms. Mok Kam Sheung (has ceased to serve as an independent non-executive Director since the fifth session of the Board of Directors officially performed their duties on 29 August 2023)

Note: 1. 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 National Administration of Financial Regulation 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. Since 29 August 2023 on which the fifth session of the Board of Directors officially performed their duties, Mr. Liu Xiaopeng has ceased to serve as a non-executive Director of the Company, and Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung have ceased to serve as the independent non-executive Directors of the Company.

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.
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 2023.

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 (collectively, “PwC”), 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, the 2021 annual general meeting and the 2022 annual general meeting for eight consecutive years with a term till the conclusion of the 2023 annual general meeting. The Group did not change its auditors in the past eight years.

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by PwC.

After completing annual audit work of the Company for the year 2023, PwC will retire as the auditors of the Company upon expiration of their terms of office with effect from the conclusion of the 2023 annual general meeting of the Company, and will not be re-elected. Upon obtaining the recommendation from the Audit Committee of the Board, the Board proposes to appoint KPMG Huazhen LLP and KPMG LLP as the domestic and overseas auditors of the Company respectively for the year 2024. The service term of which will start from the date of the approval at the 2023 annual general meeting of the Company until the date of the conclusion of the 2024 annual general meeting of the Company. Such proposed appointment of auditors is subject to the approval at the 2023 annual general meeting of the Company. For details of the above proposed change of auditors, please refer to the announcement of the Company dated 23 November 2023.

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

Beijing, the PRC
27 March 2024

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 accurately grasped the direction and positioning of the Board of Supervisors, insisted on promoting high-quality development, preventing and resolving financial risks, 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 facilitate and safeguard the high-quality development and world-class strategic goals 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 13 proposals and received 24 reports; the Performance Supervision and Inspection Committee under the Board of Supervisors held four meetings and considered four proposals and received one report; 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 15 February 2023, the twenty-fifth meeting (extraordinary) of the fourth session of the Board of Supervisors was convened, during which five reports, including the Report on the Operation Plan and Business Performance Assessment Plan of China Reinsurance (Group) Corporation for the Year 2023, were received.

On 28 March 2023, the twenty-sixth meeting of the fourth session of the Board of Supervisors was convened, during which 10 proposals, including the Resolution on the Report of the Board of Supervisors of China Reinsurance (Group) Corporation for the Year 2022 were considered and unanimously approved, and six reports, including the Report on the Internal Audit Work of China Reinsurance (Group) Corporation for the Year 2022, were received.

On 26 April 2023, the twenty-seventh meeting of the fourth session of the Board of Supervisors was convened, during which two proposals, including Resolution on the Report on the Supervision of Performance Remuneration and Business Expenses of the Board of Supervisors of China Reinsurance (Group) Corporation for the Year 2022 were considered and unanimously approved, and six reports, including the Report on Consolidated Management of China Reinsurance (Group) Corporation for the Year 2022, were received.

On 29 August 2023, the twenty-eighth meeting of the fourth session of the Board of Supervisors was convened, during which three reports, including the Report on the Strategic Risk Assessment of China Reinsurance (Group) Corporation for the First Half of 2023, were received.

On 23 November 2023, the twenty-ninth meeting of the fourth session of the Board of Supervisors was convened, during which the Resolution on Formulating the Code of Ethics for Directors, Supervisors and Senior Management of China Reinsurance (Group) Corporation was considered and unanimously approved, and two reports, including the Report on the Engagement of Auditors for the 2024 Annual Report of China Re, were received.

On 27 December 2023, the thirtieth meeting of the fourth session of the Board of Supervisors was convened, during which two reports, including the Report on the Reputational Risk Management Work of China Re in 2023, were received.

REPORT OF THE BOARD OF SUPERVISORS

PERFORMANCE MONITORING

During the Reporting Period, through attending two shareholders' general meetings, and 11 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, the selection and appointment of Directors, etc., while supervising the performance of duties by the 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 2022, issued an assessment opinion report and reported to the regulatory institutions, the superior units and the shareholders' general meetings. By establishing performance files, interviews with Directors, self-evaluation and mutual evaluation of Directors and Supervisors, the objectivity of performance evaluation was continuously improved, and the role of supervision on performance evaluation of the Board of Supervisors was fully exercised. 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 2022 and the first half of 2023 and issued the related work 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, implemented the strategic plans of the Company, and made new progress in high-quality development.

FINANCIAL MONITORING

During the Reporting Period, the Board of Supervisors emphasised and put more efforts in financial supervision. The Board of Supervisors organised and conducted research on financial and accounting supervision, put forward suggestions for work improvement, continued to carry out monitoring work 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, paid attention to the engagement of auditors and received the relevant reports, 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, concentration risk, geopolitical risk and the disposal of major risk projects, received the relevant work reports and put forward opinions and suggestions on Annual Risk Assessment Report of China Reinsurance (Group) Corporation for the Year 2022 and Report on Reputation Risk Management of China Reinsurance (Group) Corporation for the Year 2023. 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 real economy, preventing and resolving risks, promoting the deployment of central decisions, inspecting the rectification works, supervising and reporting opinions, and implementing the Company's strategies successfully. The Board of Supervisors carried out other supervision works such as remuneration and incentive restraint mechanisms, and received reports such as the settlement 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 the development of non-standard investment business of China Re AMC in urban investment and the supervision of the financial accounting of the Group Company, to understand the management and risk control of non-standard investment business of urban investment, paid attention to the establishment of the financial supervision system and mechanism and the supervision of the financial accounting, exchanged the problems and challenges encountered in the work, and put forward relevant opinions and suggestions in a targeted manner. The Board of Supervisors also convened special topic communication meetings on the problems of regulatory notification, communicated with relevant units and departments on key issues, understood the rectification situation, put forward work suggestions, and promoted the timely and effective rectification of regulatory notification issues.

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 Board of Supervisors' performance of duties, and improved the effectiveness of performance of duties. Firstly, the Board of Supervisors initiated the re-election and appointment of the session of the Board of Supervisors with the support of shareholders. Secondly, the Board of Supervisors participated in the amendments to the Articles of Association and gradually implemented the regulatory requirements. Thirdly, the Board of Supervisors promoted the improvement of the implementation and supervision mechanism of supervision opinions. The Board of Supervisors regularly tracked and understood the implementation of opinions and suggestions put forward at various meetings of the Board of Supervisors, conducted a thorough and practical supervision of the "follow-up" works, created closed-loop management of supervision, and promoted the application of supervision results. Fourthly, the Board of Supervisors strengthened the work connection and daily guidance with the board of supervisors of subsidiaries to form a joint force of supervision. Fifthly, the Board of Supervisors strengthened the establishment of the supervisory team, 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 20th National Congress of the Party, the Central Financial Work Conference and the Central Economic Work Conference. The Supervisors also actively implemented the requirements of the annual work meetings of China Investment Corporation and China Re, and 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
27 March 2024

CHINA REINSUR

| EMBEDDED VALUE

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GRANCE



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") has retained Deloitte Consulting (Shanghai) Co., Ltd. to quantify and report on embedded value of the Group Company's and its subsidiaries' (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 2023. 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 the Group as at 31 December 2023;
- Quantifying value of one year's new business underwritten by the Group during the 12 months prior to 31 December 2023;
- Reviewing the assumptions used for embedded value and value of one year's new business valuation as at 31 December 2023;
- 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 2022 to 31 December 2023.

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, the Group for periods up to 31 December 2023.

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 the 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 the 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 under PRC GAAP basis of the 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 under PRC GAAP basis 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 of the Group life and health reinsurance 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 2023 and the corresponding results as at prior valuation date are summarised as below:

Table 2.1 EV as at 31 December 2023 and 31 December 2022

Valuation Date	Unit: in RMB millions	
	31 Dec 2023	31 Dec 2022
Embedded Value		
Adjusted Net Worth	101,571	94,623
Value of In-force Business before CoC	11,486	11,718
Cost of Required Capital	(4,215)	(4,290)
Value of In-force Business after CoC	7,272	7,428
Embedded Value	108,843	102,051
Of which:		
ANW of the life and health reinsurance business	25,999	23,773
VIF after CoC of the life and health reinsurance business	7,171	7,299
EV of the life and health reinsurance business	33,170	31,072

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.

Table 2.2 1-year VNB for the 12 months up to 31 December 2023 and 31 December 2022

Valuation Date	Unit: in RMB millions	
	31 Dec 2023	31 Dec 2022
Value of One Year's New Business of the life and health reinsurance business		
Value of One Year's New Business before CoC	2,102	2,438
Cost of Required Capital	(799)	(747)
Value of One Year's New Business after CoC	1,303	1,691

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 2023.

3.1 Risk Discount Rate

A 8.5% 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 assumptions of investment return rates of main business lines used for the value of in-force business and value of one year's new business as at 31 December 2023 is 4.5%, the future investment returns of some business lines will be adjusted appropriately. These assumptions are determined with reference to the circumstances of current capital market, current and expected future asset allocations, and the investment returns of major asset classes.

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 the Group and the overall experience of China life and health insurance market. Mortality and morbidity assumptions vary by product categories.

EMBEDDED VALUE

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 the Group as at 31 December 2023. For each test, only the referred assumption is changed, while the other assumptions are kept unchanged. Results of the sensitivity tests are shown as below:

Table 4.1 Sensitivity test results of VIF and 1-year VNB as at 31 December 2023

Unit: in RMB millions

Scenarios	VIF after CoC	1-year VNB after CoC
Base Scenario	7,171	1,303
Risk discount rate increased by 100 basis points	6,125	1,122
Risk discount rate decreased by 100 basis points	8,401	1,504
Annual investment return rates increased by 50 basis points	8,958	1,594
Annual investment return rates decreased by 50 basis points	5,376	1,011
Mortality and morbidity rates increased by 10%	7,156	1,303
Mortality and morbidity rates decreased by 10%	7,200	1,303
Discontinuance rates increased by 10%	7,010	1,282
Discontinuance rates decreased by 10%	7,347	1,326
Expenses increased by 10%	6,998	1,285
Expenses decreased by 10%	7,343	1,321
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	7,065	1,255
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	7,430	1,334

EMBEDDED VALUE

5. Movement Analysis

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

Table 5.1 Movement analysis of EV from 31 December 2022 to 31 December 2023

Unit: in RMB millions

No.	Item	Amount	Details
1	EV of life and health reinsurance business as at 31 December 2022	31,072	EV as at 2022 year end before model change.
2	Model change	(34)	EV model improvement
3	Modified EV of life and health reinsurance business as at 31 December 2022	31,038	EV as at 2022 year end after model change
4	Expected return on EV	2,856	Expected return on EV in the year of 2023
5	Impact of new business	1,463	Impact of new business in the year of 2023
6	Impact of market value adjustments and other adjustments	48	Changes from asset market value adjustments and other adjustments
7	Economic experience variances	(2,094)	Difference between actual investment income and expected investment income in the year of 2023
8	Operating experience variances	143	Difference between actual operational experience and expected operational results in the year of 2023
9	Change in assumptions	75	Adjustments to assumptions at 31 December 2023
10	Others	(360)	
11	Capital injection and shareholder dividend payment	0	Capital injection to China Re Life and dividend paid to the Group Company by China Re Life
12	EV of life and health reinsurance business as at 31 December 2023	33,170	

EMBEDDED VALUE

No.	Item	Amount	Details
13	EV of other business of the Group as at 31 December 2022	70,979	
14	Profit from other business in the year of 2023	5,477	
15	Impact of market value adjustments and other adjustments	7	Changes from asset market value adjustments and other adjustments
16	Others	(195)	
17	Capital injection and shareholder dividend payment	(595)	Capital injection to subsidiaries, dividend paid to the Group Company by subsidiaries and dividend paid to shareholders by the Group
18	EV of other business of the Group as at 31 December 2023	75,673	
19	EV of the Group as at 31 December 2023	108,843	

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 152 to 383, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 liabilities for remaining coverage (“LRC”) of insurance contracts not measured under the premium allocation approach (“PAA”)
- Valuation of liabilities for incurred claims (“LIC”) of insurance contracts measured under PAA
- Valuation of level 3 financial instruments

Key Audit Matter	How our audit addressed the Key Audit Matter
Significant insurance risk test – reinsurance contracts issued	
Refer to notes 3(1) and 27 to the consolidated financial statements.	We, with the assistance of our internal actuarial experts, performed the following audit procedures:
The Group performed significant insurance risk test for its reinsurance contracts issued to determine the classification of these contracts.	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.
For the year ended 31 December 2023, the insurance contract liabilities for reinsurance contracts issued that passed the testing of significant insurance risk was RMB187.8 billion, representing 52.5% of the Group’s total liabilities.	We independently performed the significant insurance risk test and assessed the reasonableness of the management’s judgements, on a sample basis.
We focused on this area because the significant insurance risk test on reinsurance contracts issued involves significant management’s judgements.	Based on our audit work performed, we found that the significant management’s judgements applied in the significant insurance risk test on reinsurance contracts issued were supportable by the evidence we gathered.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of LRC of insurance contracts not measured under the PAA

Refer to notes 2(21), 3(2) and 27 to the consolidated financial statements.

Starting from 1 January 2023, the Group has adopted IFRS 17 with comparatives restated from 1 January 2022 (the transition date). This is a new standard which requires significant judgements in the use of complex methodologies and assumptions in particular for valuation of LRC.

As at 31 December 2023, the Group's LRC within insurance contract liabilities of insurance contracts not measured under the PAA was RMB108.4 billion, representing 30.3% of the Group's total liabilities.

The valuation of LRC of insurance contracts not measured under the PAA involved a high degree of judgements by management in setting assumptions used in the models. The key actuarial assumptions adopted in the valuation models include discount rates, mortality and morbidity rates, lapse rates, expected loss ratios and future claim development pattern, etc..

We focused on this area due to the significant judgements and estimates involved in the selection and application of complex methodologies and key assumptions. As part of our audit, we also focused on the transition of IFRS 17 for the LRC of insurance contracts not measured under the PAA.

We, with the assistance of our internal actuarial experts, performed the following audit procedures over the valuation of LRC of insurance contracts not measured under the PAA, including that at the transition date:

We obtained an understanding of the management's internal controls and assessment process of valuing LRC of insurance contracts not measured under the PAA 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 evaluated and tested the design and operating effectiveness of key internal controls over the valuation of LRC of insurance contracts not measured under the PAA, including controls over data collection and analysis, determination and approval of actuarial assumptions, etc..

We assessed the reasonableness of the Group's methodologies used for valuation of LRC of insurance contracts not measured under the PAA against recognized actuarial practices.

We assessed the reasonableness of the key assumptions including discount rates, mortality and morbidity rates, lapse rates, expected loss ratios and future claim development pattern, etc., used in the valuation models by comparing them to the Group's historical experiences and applicable industry experiences.

We performed independent modelling on selected actuarial models by groups of insurance contracts, recalculated the estimation of the LRC and compared to the Group's estimates.

Based on our audit work performed, we found that the methodologies applied and key assumptions adopted were supportable by the evidence we gathered.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of LIC of insurance contracts measured under the PAA</p>	
<p>Refer to notes 2(21), 3(2) and 27 to the consolidated financial statements.</p>	<p>We, with the assistance of our internal actuarial experts, performed the following audit procedures:</p>
<p>As at 31 December 2023, the Group's LIC within insurance contract liabilities of insurance contracts measured under the PAA was RMB46.4 billion, representing 13.0% of the Group's total liabilities.</p>	<p>We obtained an understanding of the management's internal controls and assessment process of valuation of LIC of insurance contracts measured under the PAA 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.</p>
<p>The valuation of LIC of insurance contracts measured under the PAA involved a high degree of judgements by management in setting assumptions used in the models, including expected loss ratios and future claim development pattern.</p>	<p>We evaluated and tested the design and operating effectiveness of key internal controls over the valuation of LIC of insurance contracts measured under the PAA, including controls over data collection and analysis, determination and approval of actuarial assumptions, etc..</p>
<p>We focused on this area due to the significant management's judgements involved in the determination of the key assumptions.</p>	<p>We set up independent assumptions, such as expected loss ratios and future claim development pattern, which were used in the valuation models by comparing them to the Group's historical data and applicable industry experiences.</p>
	<p>We also performed independent actuarial modelling, calculated the LIC of insurance contracts measured under the PAA and compared to the Group's estimates, on a sample basis.</p>
	<p>Based on our audit work performed, we found that the significant management's judgements applied were supportable by the evidence we gathered.</p>

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(7) and 48 to the consolidated financial statements.

The financial instruments were classified as level 3 in the fair value hierarchy as their fair values were measured using valuation methodologies with significant unobservable inputs. The Group held material financial instruments in level 3 with total carrying amount of RMB10.4 billion, representing 2.3% of the Group's total assets as at 31 December 2023.

We focused on the valuation of these financial instruments due to the significant management's judgements involved in selecting the valuation methodologies and setting 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 controls 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 evaluated and tested the design and operating effectiveness of key internal controls over the valuation of level 3 financial instruments, including controls in place to review the valuation methodologies and assumptions adopted over the valuation.

We, with the assistance of our internal valuation experts, performed the following audit procedures:

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

We assessed 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 work performed, we found that the valuation methodologies applied were acceptable and the significant unobservable inputs used were supportable by the evidence we gathered.

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 IFRS Accounting Standards 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 Ma Yui Man.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2024

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022 (Restated, Note 4)
Operating Income			
Insurance revenue	6	99,755,335	89,225,048
Interest income	7	9,129,703	9,142,204
Other investment return	8	(1,280,368)	(4,129,448)
Exchange gains/(losses), net		673,591	1,343,011
Other income	9	1,116,610	843,919
Total income		109,394,871	96,424,734
Operating Expense			
Insurance service expenses	27	(91,092,334)	(82,552,523)
Allocation of reinsurance premiums	10	(8,356,325)	(7,689,808)
Amounts recoverable from reinsurers		5,868,447	5,894,037
Finance expenses from insurance contracts issued	11	(6,401,825)	(6,133,095)
Finance income/(expenses) from reinsurance contracts held	11	856,481	70,466
Net impairment loss on financial assets	12	138,564	(402,058)
Other finance cost	13	(2,323,939)	(1,934,023)
Other operating and administrative expenses	14	(3,718,450)	(3,584,527)
Total insurance service expenses and others		(105,029,381)	(96,331,531)
Share of profit of associates		1,959,788	(589,649)
Impairment losses of associates		–	(871,954)
Profit before tax		6,325,278	(1,368,400)
Income tax	17	(534,685)	493,052
Net profit		5,790,593	(875,348)
Attributable to:			
Equity shareholders of the parent		5,652,446	(324,645)
Non-controlling interests		138,147	(550,703)
Earnings per share (RMB)			
– Basic	19	0.13	(0.01)
– Dilution		0.13	(0.02)

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	2023	2022 (Restated, Note 4)
Net profit	5,790,593	(875,348)
Other comprehensive income for the year after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	(15,770)	(65,990)
Equity investments designated at fair value through other comprehensive income	35,146	(341,236)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	124,634	(55,417)
Fair value changes on debt instruments measured at fair value through other comprehensive income	1,703,685	(2,106,331)
Provision for credit losses on debt instruments measured at fair value through other comprehensive income	(445,251)	–
Exchange differences on translation of financial statements of foreign operations	28,233	341,034
Finance income/(expenses) from insurance contracts issued	(2,530,438)	2,619,081
Finance income/(expenses) on reinsurance contracts held	717,722	(460,617)
Total other comprehensive income after tax	(382,039)	(69,476)
Total comprehensive income for the year	5,408,554	(944,824)
Attributable to:		
Equity shareholders of the parent	5,351,422	(330,318)
Non-controlling interests	57,132	(614,506)
Total comprehensive income for the year	5,408,554	(944,824)

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated, Note 4)	1 January 2022 (Restated, Note 4)
Assets				
Cash and short-term time deposits	21	14,596,526	14,799,064	23,099,708
Derivative assets		72,318	113,755	436,422
Financial assets held under resale agreements	22	7,505,037	4,447,650	3,464,956
Financial investments:				
Financial investments at fair value				
through profit or loss	23	104,382,718	77,781,686	78,141,619
Financial investments at amortized cost	24	84,093,352	78,762,114	77,450,322
Debt instruments measured at fair value				
through other comprehensive income	25	108,546,085	110,831,036	104,743,754
Equity investments designated at fair value				
through other comprehensive income	26	11,278,023	17,828,870	12,646,845
Insurance contract assets	27	459,221	495,490	465,157
Reinsurance contract assets	27	24,988,528	20,255,025	20,334,021
Investment contract assets		4,606,628	5,613,490	3,782,675
Time deposits	29	27,758,604	22,556,208	21,734,694
Statutory deposits for insurance operations	31	18,889,763	21,587,198	19,261,914
Investment properties	32	5,818,963	6,038,865	6,257,961
Property and equipment	33	3,670,265	3,876,515	4,027,052
Right-of-use assets	34	922,361	1,089,596	1,250,371
Intangible assets	35	2,314,198	2,353,664	2,209,591
Investments in associates	36	23,523,867	22,639,532	25,583,536
Goodwill	37	1,642,522	1,634,952	1,597,205
Deferred tax assets	43	7,805,283	6,430,006	3,685,904
Other assets	38	6,853,325	5,597,434	4,680,556
Total assets		459,727,587	424,732,150	414,854,263

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated, Note 4)	1 January 2022 (Restated, Note 4)
Liabilities and equity				
Liabilities				
Financial liabilities at fair value through profit or loss		444,374	308,062	267,054
Derivative liabilities		312,108	45,448	–
Financial assets sold under repurchase agreements	39	60,308,770	51,002,086	47,982,286
Income tax payable		2,043,898	2,233,572	2,402,562
Investment contract liabilities		27,129,136	26,226,644	21,492,927
Insurance contract liabilities	27	239,061,469	215,359,150	202,712,552
Reinsurance contract liabilities	27	40,152	32,965	81,276
Notes and bonds payable	40	13,152,917	13,105,985	22,787,092
Bank borrowings	41	1,416,540	3,826,334	3,499,098
Lease liabilities	34	861,815	1,027,728	1,172,466
Deferred tax liabilities	43	575,563	795,175	965,450
Other liabilities	42	12,201,928	13,273,109	11,092,259
Total liabilities		357,548,670	327,236,258	314,455,022
Equity				
Share capital	44	42,479,808	42,479,808	42,479,808
Reserves		21,956,855	21,473,807	20,635,886
Retained earnings		28,816,384	24,664,393	27,745,620

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 December 2023	31 December 2022 (Restated, Note 4)	1 January 2022 (Restated, Note 4)
Total equity attributable to equity shareholders of the parent	93,253,047	88,618,008	90,861,314
Non-controlling interests	8,925,870	8,877,884	9,537,927
Total equity	102,178,917	97,495,892	100,399,241
Total liabilities and equity	459,727,587	424,732,150	414,854,263

Approved and authorised for issue by the Board of Directors on 27 March 2024.

He Chunlei
Director

Zhuang Qianzhi
Director

Tian Meipan
Chief Actuary

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

Note	Attributable to equity shareholders of the parent												Non-controlling interests	Total equity
	Reserves													
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit remeasurement reserve	Fair value reserve	Insurance finance reserve	Exchange reserve	Retained earnings	Subtotal			
As at 31 December 2022 (Restated)	42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(1,972,620)	2,373,105	(243,002)	24,664,393	88,618,008	8,877,884	97,495,892	
Impact of changes in accounting policies	4	-	-	-	-	-	97,513	-	31,322	(235,060)	(106,225)	(8,732)	(114,957)	
As at 1 January 2023	42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(1,875,107)	2,373,105	(211,680)	24,429,333	88,511,783	8,869,152	97,380,935	
Net Profit	-	-	-	-	-	-	-	-	-	5,652,446	5,652,446	138,147	5,790,593	
Other comprehensive income	20	-	-	-	-	(15,770)	1,497,051	(1,809,564)	27,259	-	(301,024)	(81,015)	(382,039)	
Total comprehensive income		-	-	-	-	(15,770)	1,497,051	(1,809,564)	27,259	5,652,446	5,351,422	57,132	5,408,554	
Appropriations to surplus reserve		-	123,803	-	-	-	-	-	-	(123,803)	-	-	-	
Appropriations to general risk reserve		-	-	321,632	-	-	-	-	-	(321,632)	-	-	-	
Appropriations to catastrophic loss reserve		-	-	-	95,465	-	-	-	-	(95,465)	-	-	-	
Distributions to shareholders of the parent	18	-	-	-	-	-	-	-	-	(594,717)	(594,717)	-	(594,717)	
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(414)	(414)	
Disposal of equity investments designated at fair value through other comprehensive income		-	-	-	-	-	127,884	-	-	(127,884)	-	-	-	
Others		-	(13,547)	-	-	-	-	-	-	(1,894)	(15,441)	-	(15,441)	
As at 31 December 2023		42,479,808	10,670,969	3,256,447	7,627,689	308,416	(35,614)	(250,172)	563,541	(184,421)	28,816,384	93,253,047	8,925,870	102,178,917

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the parent													Total equity
	Reserves													
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit remeasurement reserve	Fair value reserve	Insurance finance reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	
As at 31 December 2021		42,479,808	10,685,913	2,807,596	6,906,537	144,470	46,146	2,602,115	-	(537,182)	27,571,892	92,707,295	9,382,426	102,089,721
Impact of changes in accounting policies	4	-	-	-	-	-	-	(2,193,539)	215,650	(41,820)	173,728	(1,845,981)	155,501	(1,690,480)
As at 1 January 2022		42,479,808	10,685,913	2,807,596	6,906,537	144,470	46,146	408,576	215,650	(579,002)	27,745,620	90,861,314	9,537,927	100,399,241
Net Loss		-	-	-	-	-	-	-	-	-	(324,645)	(324,645)	(550,703)	(875,348)
Other comprehensive income	20	-	-	-	-	-	(65,990)	(2,433,138)	2,157,455	336,000	-	(5,673)	(63,803)	(69,476)
Total comprehensive income		-	-	-	-	-	(65,990)	(2,433,138)	2,157,455	336,000	(324,645)	(330,318)	(614,506)	(944,824)
Appropriations to surplus reserve		-	-	325,048	-	-	-	-	-	-	(325,048)	-	-	-
Appropriations to general risk reserve		-	-	-	399,520	-	-	-	-	-	(399,520)	-	-	-
Appropriations to catastrophic loss reserve		-	-	-	-	68,481	-	-	-	-	(68,481)	-	-	-
Distributions to shareholders of the parent	18	-	-	-	-	-	-	-	-	-	(1,911,591)	(1,911,591)	-	(1,911,591)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(45,537)	(45,537)
Disposal of equity investments designated at fair value through other comprehensive income		-	-	-	-	-	-	51,942	-	-	(51,942)	-	-	-
Others		-	(1,397)	-	-	-	-	-	-	-	-	(1,397)	-	(1,397)
As at 31 December 2022														
(Restated)		42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(1,972,620)	2,373,105	(243,002)	24,664,393	88,618,008	8,877,884	97,495,892

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
Operating activities			
Cash generated from operations	46(a)	18,203,912	13,201,221
Income tax paid		(1,910,507)	(1,491,664)
Net cash flows generated from operating activities		16,293,405	11,709,557
Investing activities			
Interest received		9,302,592	9,364,984
Dividends received		3,380,344	3,346,861
Purchases of property and equipment, investment properties and intangible assets		(430,941)	(397,683)
Proceeds from disposal of property and equipment, investment properties and intangible assets		45,962	597
Purchases of investments		(259,576,290)	(181,051,792)
Proceeds from disposal of investments		232,450,494	161,888,760
Disposals of associates		–	45,950
Net cash flows used in investing activities		(14,827,839)	(6,802,323)

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
Financing activities			
Net changes in third party investors' interests of consolidated structured entities		601,943	885,875
Net proceeds from bonds issued	40	9,000,000	–
Redemption of bonds and loans	40	(9,037,697)	(9,483,330)
Net payment of bank borrowings	41	(2,496,462)	–
Interest paid		(2,177,771)	(2,067,120)
Payments for lease liabilities		(445,902)	(455,042)
Dividends paid to shareholders of the parent		(594,717)	(1,911,591)
Dividends paid to non-controlling interests		(414)	(45,537)
Net changes in financial assets sold under repurchase agreements		6,150,220	873,586
Net cash flows generated from/(used in) financing activities		999,200	(12,203,159)
Net increase/(decrease) in cash and cash equivalents		2,464,766	(7,295,925)
Cash and cash equivalents at the beginning of the year		15,416,186	22,203,831
Effect of foreign exchange rate changes		(77,533)	508,280
Cash and cash equivalents at the end of the year	46(b)	17,803,419	15,416,186

The accompanying notes on pages 161 to 383 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

1 CORPORATE INFORMATION

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

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

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

(1) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with 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 material accounting policies information adopted by the Group is set out below.

For the purpose of preparing the consolidated financial statements, the Group has adopted all applicable new and revised 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 2023.

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (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 measured at fair value (see Note 2(12) and Note 2(13)).
- insurance contracts issued and reinsurance contracts held measured on a current value basis as explained in Note 2(21) and Note 3(2).

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

IFRS 9	Financial Instruments
IFRS 17	Insurance Contract
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendment to IAS 12, 'Income Tax'	Temporary exceptions and specific disclosure requirements for income tax

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(3) New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has not been enacted in mainland China, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in July 2023.

The Group is in the progress of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculation GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate about 15%, there may still be Pillar Two tax implications.

(4) New accounting standards and amendments that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 January 2023

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Contractual Conditions
Amendments to IFRS 16	Lease Liabilities under Sale-and-leasebacks
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 7, 'Cash Flow Statement' and IFRS 7, 'Financial Instruments: Disclosures'	Financing Arrangements of Supplier
Amendments to HKAS 21	Lack of Exchangeability

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(5) 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(12)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(7) 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 2023, the Group provided 100% of the capital for 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 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(6) 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.

(7) 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. 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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(7) Associates and joint ventures (continued)

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(12)).

(8) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(9) 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.

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.

(10) 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.

(11) 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 (or other comprehensive income where applicable).

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.

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(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(11) 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.

(12) Financial instruments

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

Classification overlay

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

- present comparative information for all financial assets as if the classification and measurement requirements of IFRS 9 had been applied to all financial assets based on preliminary assessments performed and using reasonable and supportable information available at the transition date (i.e. 1 January 2022) to determine how the Group expects the financial assets would be classified and measured at the date of initial application of IFRS 9 (i.e. 1 January 2023);
- assess impairment of financial assets classified and measured at amortised cost and FVOCI during the comparison period based on the requirements of IAS 39 Financial Instruments: Recognition and Measurement.
- recognise any difference between the carrying amount of financial assets and the carrying amount at the transition date as a result of applying the classification overlay in the opening equity at the transition date.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

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

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

For regular way purchase or sale of a financial asset, the financial asset is recognized or derecognized at the trade date. The trade date is the date on which the Group commits to purchase or sell the financial asset.

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

Financial assets

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

- (i) Amortized cost ("AC");
- (ii) Fair value through other comprehensive income ("FVOCI"); or
- (iii) Fair value through profit or loss ("FVPL").

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

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

Financial assets (continued)

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

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

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

Debt instruments

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

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

- (i) AC: Debt instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVPL, are measured at amortized cost.
- (ii) FVOCI: Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVOCI.
- (iii) FVPL: All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

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

Debt instruments (continued)

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

Equity instruments

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

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

Financial liabilities

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

(b) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on their categories:

Financial assets and liabilities measured at amortized cost

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider net impairment loss on financial assets (“ECL”) but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

Interest income, which is separately presented in the consolidated statement of profit or loss, is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for the credit-impaired financial assets for which their amortised cost is used to calculate the interest income.

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 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

(b) Subsequent measurement of financial instruments (continued)

Financial assets at fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income calculated by using the effective interest method and foreign exchange gains and losses on the amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss. Same as the financial assets measured at amortised cost, interest income from these financial assets is calculated using the effective interest method.

Equity instruments

Certain investments in equity instruments that are not held for trading are designated as FVOCI. Dividends, except for those clearly represent a recovery of or part of cost of the investments, continue to be recognized in profit or loss when the Group's right to receive payments is established. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to retained earnings.

Financial investments at fair value through profit or loss

Debt instruments

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

Equity instruments

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

Financial liabilities at fair value through profit or loss

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

(c) Impairment of financial instruments

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

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

The Group measures ECL of a financial instrument reflecting:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(12) Financial instruments (continued)

(c) Impairment of financial instruments (continued)

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

- Stage I: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in Stage I.
- Stage II: If the credit risk has increased significantly since its initial recognition but is not yet credit-impaired, the financial instrument is moved to Stage II.
- Stage III: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage III.

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

The loss allowance for financial assets classified and measured at FVOCI is recognized by adjusting other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

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

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(13) Derivatives

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.

(14) 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.

(15) Investment contracts

Contracts in the legal form of an insurance or reinsurance arrangement that do not transfer significant insurance risk are investment contracts that do not contain discretionary participating feature (DPF) are measured under IFRS 9.

(16) 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.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(17) 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.

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.

(18) Property and equipment

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. 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.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(18) Property and equipment (continued)

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, and is not depreciated, and is reclassified to the appropriate category of property and equipment when completed and ready for use.

(19) Intangible assets (other than goodwill)

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

(a) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(19) Intangible assets (other than goodwill) (continued)

(b) 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.

(c) Software

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

(20) Share capital

Ordinary shares

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

(21) Insurance Contracts

(a) Classification

The Group classifies its contracts arising from its direct and reinsurance businesses as either insurance contracts or investment contracts, depending on the level of insurance risk. A contract that transfers significant insurance risk is classified as an insurance contract, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as investment contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the issuer to pay significant additional benefits to the policyholder and the issuer has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts can also expose the Group to financial risk. For investment contracts issued that do not contain discretionary participation features (DPF) and investment contracts held, IFRS 9 "Financial Instruments" is applied (see Note 2(15)).

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

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(b) Combination and separation

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

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

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract issued or a reinsurance contract held as a stand-alone instrument; and
- distinct investment components – i.e. investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(c) Level of aggregation and recognition of group of insurance contracts

A portfolio of insurance contracts of the Group comprises contracts subject to similar risks and are managed together.

Insurance contracts issued

Each portfolio is further disaggregated into groups of contracts within one calendar year and is divided into at least three groups based on the profitability of the contract:

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

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

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

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

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(c) Level of aggregation and recognition of group of insurance contracts (continued)

Reinsurance contracts held

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(d) Fulfilment cash flows

Fulfilment cash flows comprise:

Estimates of future cash flows

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

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

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

A risk adjustment for non-financial risk

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

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(e) Contract boundary

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

Insurance contracts issued

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

A substantive obligation to provide insurance contract services ends when:

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

Reinsurance contracts held

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

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

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

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

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(f) Insurance acquisition cash flows

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

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

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

(i) Initial measurement

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

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

(ii) Subsequent measurement

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

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

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

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

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

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

(ii) Subsequent measurement (continued)

- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
 - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

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

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;
- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and
- change in the risk adjustment for non-financial risk that relate to future services.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(h) Measurement – insurance contracts issued measured under the PAA

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

- where the coverage period of each contract in the group of contracts is one year or less; or
- the Group reasonably expects that the measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

(i) Initial measurement

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

(ii) Subsequent measurement

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

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

The Group recognizes the LIC of the insurance contract group as the amount of fulfilment cash flows related to the incurred claims, discounted at the current interest rate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(i) Measurement – reinsurance contracts held not measured under the PAA

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(i) Measurement – reinsurance contracts held not measured under the PAA (continued)

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

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(i) Measurement – reinsurance contracts held not measured under the PAA (continued)

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

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

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

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

(j) Measurement – reinsurance contracts held measured under the PAA

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(k) Presentation

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

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

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

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

(i) Insurance revenue

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(k) Presentation (continued)

(i) Insurance revenue (continued)

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

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

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

(ii) Insurance service expenses

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(k) Presentation (continued)

(ii) Insurance service expenses (continued)

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

(iii) Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a gross basis comprising allocation of reinsurance premiums and amounts recoverable from reinsurers.

The allocation of reinsurance premiums is recognised similarly to insurance revenue. The amount of allocation of reinsurance premiums recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

For contracts measured under the GMM, allocation of reinsurance premiums comprises the following amounts relating to the changes in the remaining coverage:

- (1) claims recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- (2) changes in the risk adjustment for non-financial risk, excluding:
 - i. changes included in finance income/(expenses) from reinsurance contracts held;
 - ii. changes that relate to future coverage (which adjust the CSM) and amounts allocated to the loss-recovery component;
- (3) amounts of the CSM recognised for the services received in the period; and

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(21) Insurance Contracts (continued)

(k) Presentation (continued)

(iii) Net income/(expenses) from reinsurance contracts held (continued)

- (4) other amounts, e.g. experience adjustments arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, the Group recognises the allocation of reinsurance premiums based on the expected timing of incurred insurance service expenses.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of allocation of reinsurance premiums. Reinsurance cash flows that are contingent on claims of the underlying contracts, for examples profit or sliding commissions, are accounted for part of the claims that are expected to be reimbursed under the reinsurance contract held.

(iv) Insurance finance income or expenses

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

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

(l) The effect of accounting estimates made in interim financial statements

The Group has elected to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period (i.e. updating the estimates used in the measurement of insurance contracts issued and reinsurance contracts held on a year-to-date basis).

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(22) 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.

(23) 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.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(24) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(24) Leases (continued)

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(25) 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.

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.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(25) Income tax (continued)

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.

(26) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(27) Dividends

When the final cash dividends proposed by the directors have been approved by the shareholders and declared, they are recognised as a liability.

(28) 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;
- (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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

(29) 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(1) Significant insurance risk test on reinsurance contracts

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

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

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(2) Estimates of fulfilment cash flows

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

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

Methodology and assumptions

The discount rates

The discount rates are based on liquid risk-free yield curves available at the reporting date. The Group further adjusts the liquid risk-free yield curves to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts. The current discount rates derived from the bottom-up approach are as follows:

	Discount rates
31 December 2023	2.069%-5.290%
31 December 2022	2.086%-5.230%

The probability of insurance event

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

Expense and other assumptions

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

The lapse rate and other assumptions 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)

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(Expressed in thousands of Renminbi, unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(2) Estimates of fulfilment cash flows (continued)

Methodology and assumptions (continued)

Expected loss ratio and future claim development pattern

The key assumptions in measuring LIC and LRC of short-term insurance contracts are the expected loss ratios and future claims development pattern, 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 insurance contracts, based on the observed development of earlier years to develop the expected loss ratios for estimating LIC and LRC of short-term insurance contracts.

Risk adjustments for non-financial risk

The Group uses the confidence interval technique to determine the risk adjustment for non-financial risk and considers risk diversification at appropriate level. As at 31 December 2023, the risk adjustment for non-financial risk of insurance contracts and reinsurance contracts held was determined based on the confidence level of 75% (31 December 2022: 75%).

Investment components

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

(3) Classification of financial assets

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

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

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(4) Measurement of net impairment loss on financial assets

For financial asset debt instrument investments measured at amortized cost and fair value with changes recognized in other comprehensive income, complex models and numerous assumptions are used in the measurement of net impairment loss on financial assets.

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

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

(5) 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.

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(6) 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.

(7) 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(12)(c)). 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.

The Group estimates the fair value of financial instruments using the following methods and assumptions:

- Debt investments, notes and bonds payable and bank 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. Significant unobservable inputs include discount rate for credit risk, the discount for lack of marketability, and valuation multiples of comparable companies, etc.
- 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. Significant unobservable inputs include discount rate for credit risk, the discount for lack of marketability, and valuation multiples of comparable companies, etc.
- 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. Significant unobservable inputs include discount rate for credit risk, the discount for lack of marketability, and valuation multiples of comparable companies, etc.

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(7) Fair value of financial instruments (continued)

- 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.

(8) 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.

(9) 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.

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.

(10) 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(23)(b). Carrying value of these liabilities and the principal assumptions used in measuring these liabilities are set out in Note 42 to the financial statements.

(11) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 CHANGES IN ACCOUNTING POLICIES

(1) International Financial Reporting Standard 17 – Insurance Contract

Transition approaches

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

For certain groups of contracts, the Group applied the fair value approach to determine the CSM or loss component at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

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

- an estimate of future cash flows for the insurance contracts;
- the time value of money measured with the risk-free interest rate;
- a risk premium to reflect the price for bearing the uncertainty inherent in the cash flows in relation to non-financial risks and compensation that a market participant would require to assume the obligations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

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

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

Financial assets at amortised cost	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurements	1 January 2023 IFRS 9 carrying amount
Cash and short-term time deposits				
Opening balance under IAS 39	14,793,874	–	–	14,793,874
Addition: From other assets (IAS 39)				
(Interest receivables)	–	5,190	–	5,190
Remeasurement: ECL allowance	–	–	(2,247)	(2,247)
Closing balance under IFRS 9	14,793,874	5,190	(2,247)	14,796,817
Financial assets held under resale agreements				
Opening balance under IAS 39	4,447,232	–	–	4,447,232
Addition: From other assets (IAS 39)				
(Interest receivables)	–	418	–	418
Remeasurement: ECL allowance	–	–	(1,137)	(1,137)
Closing balance under IFRS 9	4,447,232	418	(1,137)	4,446,513
Time deposits				
Opening balance under IAS 39	21,797,125	–	–	21,797,125
Addition: From other assets (IAS 39)				
(Interest receivables)	–	759,083	–	759,083
Remeasurement: ECL allowance	–	–	(9,735)	(9,735)
Closing balance under IFRS 9	21,797,125	759,083	(9,735)	22,546,473
Statutory deposits for insurance operations				
Opening balance under IAS 39	20,997,497	–	–	20,997,497
Addition: From other assets (IAS 39)				
(Interest receivables)	–	589,701	–	589,701
Remeasurement: ECL allowance	–	–	(13,771)	(13,771)
Closing balance under IFRS 9	20,997,497	589,701	(13,771)	21,573,427

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

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

	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurements	1 January 2023 IFRS 9 carrying amount
Financial assets at amortised cost				
Financial investments at amortised cost				
Opening balance under IAS 39	–	–	–	–
Addition: From held-to-maturity investments (IAS 39)	–	33,862,582	–	33,862,582
Remeasurement: ECL allowance	–	–	(26,685)	(26,685)
Addition: From investments classified as loans and receivables (IAS 39)	–	34,786,497	–	34,786,497
Remeasurement: ECL allowance	–	–	(55,669)	(55,669)
Addition: From available-for-sale financial assets (IAS 39)	–	7,899,288	–	7,899,288
Remeasurement: From fair value (“FV”) to AC	–	–	825,539	825,539
Remeasurement: ECL allowance	–	–	(8,636)	(8,636)
Addition: From other assets (IAS 39) (Interest receivables)	–	1,388,208	–	1,388,208
Closing balance under IFRS 9	–	77,936,575	734,549	78,671,124
Held-to-maturity investments				
Opening balance under IAS 39	38,574,066	–	–	38,574,066
Subtraction: To AC – financial assets (IFRS 9)	–	(33,862,582)	–	(33,862,582)
Subtraction: To FVPL (IFRS 9)	–	(4,711,484)	–	(4,711,484)
Closing balance under IFRS 9	38,574,066	(38,574,066)	–	–
Investments classified as loans and receivables				
Opening balance under IAS 39	35,695,625	–	–	35,695,625
Subtraction: To AC – financial assets (IFRS 9)	–	(34,786,497)	–	(34,786,497)
Subtraction: To FVPL (IFRS 9)	–	(909,128)	–	(909,128)
Closing balance under IFRS 9	35,695,625	(35,695,625)	–	–

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

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

	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurements	1 January 2023 IFRS 9 carrying amount
Financial investments at amortised cost				
Other assets				
Opening balance under IAS 39	9,233,276	–	–	9,233,276
Subtraction: To AC – financial assets (IFRS 9)	–	(1,388,208)	–	(1,388,208)
Subtraction: To FVPL (IFRS 9)	–	(424,186)	–	(424,186)
Subtraction: To FVOCI – debt instruments (IFRS 9)	–	(1,930,629)	–	(1,930,629)
Subtraction: To FVOCI – equity instruments (IFRS 9)	–	(57,237)	–	(57,237)
Subtraction: To cash and short-term time deposits (IFRS 9)	–	(5,190)	–	(5,190)
Subtraction: To Financial assets held under resale agreements (IFRS 9)	–	(418)	–	(418)
Subtraction: To time deposits (IFRS 9)	–	(759,083)	–	(759,083)
Subtraction: To statutory deposits for insurance operations (IFRS 9)	–	(589,701)	–	(589,701)
Remeasurement: ECL allowance	–	–	(33,935)	(33,935)
Closing balance under IFRS 9	9,233,276	(5,154,652)	(33,935)	4,044,689
Gross financial investments at amortized cost	145,538,695	(133,376)	673,724	146,079,043

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

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

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

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

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

Fair value through other comprehensive income	31 December			1 January
	2022 IAS 39 carrying amount	Reclassification	Remeasurement	2023 IFRS 9 carrying amount
Debt instruments measured at fair value through other comprehensive income				
Opening balance under IAS 39	–	–	–	–
Addition: From available-for-sale financial assets (IAS 39)	–	108,900,407	–	108,900,407
Addition: From other assets (IAS 39) (Interest receivables)	–	1,930,629	–	1,930,629
Closing balance under IFRS 9	–	110,831,036	–	110,831,036
Equity investments designated at fair value through other comprehensive income				
Opening balance under IAS 39	–	–	–	–
Addition: From available-for-sale financial assets (IAS 39)	–	17,771,633	–	17,771,633
Addition: From other assets (IAS 39) (Interest receivables)	–	57,237	–	57,237
Closing balance under IFRS 9	–	17,828,870	–	17,828,870

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

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

Fair value through other comprehensive income	31 December			1 January
	2022 IAS 39 carrying amount	Reclassification	Remeasurement	2023 IFRS 9 carrying amount
Available-for-sale financial assets				
Opening balance under IAS 39	193,184,316	–	–	193,184,316
Subtraction: To AC – financial assets (IFRS 9)	–	(7,899,288)	–	(7,899,288)
Subtraction: To FVPL (IFRS 9)	–	(58,612,988)	–	(58,612,988)
Subtraction: To debt investments at FVOCI (IFRS 9)	–	(108,900,407)	–	(108,900,407)
Subtraction: To equity investments designated at FVOCI (IFRS 9)	–	(17,771,633)	–	(17,771,633)
Closing balance under IFRS 9	193,184,316	(193,184,316)	–	–
Gross financial assets at fair value through other comprehensive income	193,184,316	(64,524,410)	–	128,659,906

Note: With the adoption of IFRS 9, interest accrued (but not yet due) on a financial instrument was no longer separately presented on the financial position, but together with the financial instrument on which the interest was accrued. Such a representation effect has been included in the 'Reclassification' of the above table discloses.

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4 CHANGES IN ACCOUNTING POLICIES (continued)

(2) International Financial Reporting Standard 9 – Financial Instruments (continued)

(c) Reconciliation of impairment allowance and provision balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance and provision measured in accordance with IAS 39 incurred loss model and IAS 37 to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2023:

Allowance for impairment losses	31 December 2022			1 January 2023
	Impairment provision under IAS	Reclassification	Remeasurement	Impairment provision under IFRS
Cash and short-term time deposits	–	–	2,247	2,247
Financial assets held under resale agreements	–	–	1,137	1,137
Time deposits	–	–	9,735	9,735
Statutory deposits for insurance operations	–	–	13,771	13,771
Financial assets at amortised cost	–	1,913,598	90,990	2,004,588
Investments classified as loans and receivables	1,913,598	(1,913,598)	–	–
Other assets	592,835	–	33,935	626,770
Debt investments at FVOCI	–	444,312	160,995	605,307
Available-for-sale financial assets	1,706,461	(1,706,461)	–	–
Total	4,212,894	(1,262,149)	312,810	3,263,555

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5 SEGMENT INFORMATION

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

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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5 SEGMENT INFORMATION (continued)

	2023						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	43,308,562	11,913,885	46,558,131	–	–	(2,025,243)	99,755,335
Interest income	2,761,455	4,743,109	1,209,660	59,240	356,239	–	9,129,703
Other investment return	(173,208)	(963,767)	(36,518)	59,321	(149,693)	(16,503)	(1,280,368)
Exchange gains/(losses), net	156,240	455,225	881	(621)	61,955	(89)	673,591
Other income	176,937	21,228	162,218	652,327	694,005	(590,105)	1,116,610
Total income	46,229,986	16,169,680	47,894,372	770,267	962,506	(2,631,940)	109,394,871
– External income	45,379,103	14,969,906	47,893,273	299,496	853,093	–	109,394,871
– Inter-segment income	850,883	1,199,774	1,099	470,771	109,413	(2,631,940)	–
Insurance service expenses	(35,586,443)	(12,229,212)	(45,586,902)	–	–	2,310,223	(91,092,334)
Allocation of reinsurance premiums	(5,860,056)	(1,382,774)	(2,991,385)	–	–	1,877,890	(8,356,325)
Amounts recoverable from reinsurers	2,914,586	2,278,125	2,544,315	–	–	(1,868,579)	5,868,447
Finance expenses from insurance contracts issued	(2,249,113)	(3,402,121)	(805,558)	–	–	54,967	(6,401,825)
Finance income/(expenses) from reinsurance contracts held	426,110	374,809	129,198	–	–	(73,636)	856,481
Net impairment loss on financial assets	(90,322)	336,716	(67,228)	(5,137)	(35,465)	–	138,564
Other finance cost	(859,080)	(1,095,936)	(220,421)	(13,365)	(135,137)	–	(2,323,939)
Other operating and administrative expenses	(1,392,984)	(818,507)	(515,167)	(401,240)	(1,092,130)	501,578	(3,718,450)
Total insurance service expenses and others	(42,697,302)	(15,938,900)	(47,513,148)	(419,742)	(1,262,732)	2,802,443	(105,029,381)
Share of profit of associates	238,680	957,291	22,783	(528)	811,255	(69,693)	1,959,788
Impairment losses of associates	–	–	–	–	–	–	–
Profit before tax	3,771,364	1,188,071	404,007	349,997	511,029	100,810	6,325,278
Income tax	(706,173)	105,722	(28,406)	(65,189)	214,768	(55,407)	(534,685)
Net profit	3,065,191	1,293,793	375,601	284,808	725,797	45,403	5,790,593

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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5 SEGMENT INFORMATION (continued)

	2022 (Restated)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	36,471,108	12,950,079	43,128,792	–	–	(3,324,931)	89,225,048
Interest income	2,305,515	4,787,836	1,340,871	267,004	440,978	–	9,142,204
Other investment return	(671,947)	(2,363,314)	(891,832)	(197,677)	2,006,929	(2,011,607)	(4,129,448)
Exchange gains/(losses), net	149,545	1,434,721	77,024	(42,561)	(274,878)	(840)	1,343,011
Other income	116,084	8,434	101,701	576,896	643,754	(602,950)	843,919
Total income	38,370,305	16,817,756	43,756,556	603,662	2,816,783	(5,940,328)	96,424,734
– External income	37,285,640	14,570,450	43,724,944	136,921	706,779	–	96,424,734
– Inter-segment income	1,084,665	2,247,306	31,612	466,741	2,110,004	(5,940,328)	–
Insurance service expenses	(30,888,509)	(12,828,890)	(42,118,863)	–	–	3,283,739	(82,552,523)
Allocation of reinsurance premiums	(6,404,027)	(1,175,926)	(2,906,315)	–	–	2,796,460	(7,689,808)
Amounts recoverable from reinsurers	4,290,565	2,082,009	1,840,322	–	–	(2,318,859)	5,894,037
Finance expenses from insurance contracts issued	(1,636,350)	(3,798,548)	(735,081)	–	–	36,884	(6,133,095)
Finance income/(expenses) from reinsurance contracts held	126,529	(105,069)	128,758	–	–	(79,752)	70,466
Net impairment loss on financial assets	(73,548)	(246,034)	(53,000)	–	(29,476)	–	(402,058)
Other finance cost	(816,028)	(829,028)	(115,981)	(67,795)	(105,191)	–	(1,934,023)
Other operating and administrative expenses	(1,018,206)	(824,339)	(515,761)	(329,870)	(1,274,683)	378,332	(3,584,527)
Total insurance service expenses and others	(36,419,574)	(17,725,825)	(44,475,921)	(397,665)	(1,409,350)	4,096,804	(96,331,531)
Share of profit of associates	(1,375,503)	1,135,430	(1,160,422)	(8,024)	854,895	(36,025)	(589,649)
Impairment losses of associates	(488,294)	–	(383,660)	–	–	–	(871,954)
Profit before tax	86,934	227,361	(2,263,447)	197,973	2,262,328	(1,879,549)	(1,368,400)
Income tax	(100,071)	119,550	716,819	(77,102)	(58,990)	(107,154)	493,052
Net profit	(13,137)	346,911	(1,546,628)	120,871	2,203,338	(1,986,703)	(875,348)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SEGMENT INFORMATION (continued)

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

6 INSURANCE REVENUE

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

6 INSURANCE REVENUE (continued)

	2022			Total
	Reinsurance contracts issued – property and casualty	Reinsurance contracts issued – life and health	Primary insurance contracts issued – property and casualty	
Contracts not measured under the PAA:				
Amounts relating to changes in liabilities for remaining coverage				
– CSM recognised for the services provided	1,131,534	3,257,532	1,486,644	5,875,710
– Changes in the risk adjustment for non-financial risk	729,083	720,650	804,529	2,254,262
– Expected incurred claims and other directly attributable expenses	5,997,030	7,429,712	6,487,058	19,913,800
– Experience adjustments arising from premiums received in the period other than those relate to future service	1,008,673	(965,095)	859,340	902,918
Insurance acquisition cash flows recovery	985,647	263,277	2,580,397	3,829,321
Subtotal of contracts not measured under the PAA	9,851,967	10,706,076	12,217,968	32,776,011
Contracts measured under the PAA	15,638,205	–	40,810,832	56,449,037
Total insurance revenue	25,490,172	10,706,076	53,028,800	89,225,048

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

7 INTEREST INCOME

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

8 OTHER INVESTMENT RETURN

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

8 OTHER INVESTMENT RETURN (continued)

(a) Interest, dividend and rental income

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

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

	2023	2022
Dividend income		
Listed equity securities	2,007,666	1,635,975
Unlisted equity securities	861,878	1,211,223
Total	2,869,544	2,847,198

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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8 OTHER INVESTMENT RETURN (continued)

(b) Realised gains/(losses)

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

(c) Unrealised gains/(losses)

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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9 OTHER INCOME

	2023	2022
Income relating to insurance brokerages	586,825	533,384
Commission income arising from the tax collection of motor vehicles and vessels	21,507	31,342
Management fee income	174,095	101,847
Others	334,183	177,346
Total	1,116,610	843,919

10 ALLOCATION OF REINSURANCE PREMIUMS

	2023	2022
Contracts not measured under the PAA:		
Amounts relating to changes in liabilities for remaining coverage		
– CSM recognised for the services received	1,018,209	99,684
– Changes in the risk adjustment for non-financial risk	666,381	603,074
– Recovery of expected incurred claims	5,457,760	4,273,286
– Experience adjustments arising from premiums paid in the period other than those relate to future service	(1,481,579)	261,247
Subtotal of contracts not measured under the PAA	5,660,771	5,237,291
Contracts measured under the PAA	2,695,554	2,452,517
Total allocation of reinsurance premiums	8,356,325	7,689,808

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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11 INSURANCE FINANCE INCOME AND EXPENSES

	2023			Total
	Reinsurance contracts – property and casualty	Reinsurance contracts – life and health	Primary insurance contracts – property and casualty	
Finance expenses/(income) from insurance contracts issued				
Interest accrued at locked-in rates	1,068,561	3,043,398	892,112	5,004,071
Effect of changes in interest rates and other financial assumptions	711,078	2,507,225	724,052	3,942,355
Exchange (gains)/losses, net	187,519	355,111	251,083	793,713
Total finance expenses/(income) from insurance contracts issued	1,967,158	5,905,734	1,867,247	9,740,139
Recognised in:				
Profit or loss	1,560,213	3,400,521	1,441,091	6,401,825
Other comprehensive income	406,945	2,505,213	426,156	3,338,314
Finance expenses/(income) from reinsurance contracts held:				
Interest accrued at locked-in rates	(290,047)	(395,681)	–	(685,728)
Effect of changes in interest rates and other financial assumptions	(403,613)	(734,506)	–	(1,138,119)
Exchange (gains)/losses, net	(140,076)	20,805	–	(119,271)
Total finance expenses/(income) from reinsurance contracts held	(833,736)	(1,109,382)	–	(1,943,118)
Recognised in:				
Profit or loss	(481,605)	(374,876)	–	(856,481)
Other comprehensive income	(352,131)	(734,506)	–	(1,086,637)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

11 INSURANCE FINANCE INCOME AND EXPENSES (continued)

	2022			Total
	Reinsurance contracts – property and casualty	Reinsurance contracts – life and health	Primary insurance contracts – property and casualty	
Finance expenses/(income) from insurance contracts issued				
Interest accrued at locked-in rates	828,866	2,636,051	865,902	4,330,819
Effect of changes in interest rates and other financial assumptions	(670,333)	(1,302,590)	(691,652)	(2,664,575)
Exchange (gains)/losses, net	423,149	1,177,091	(455,617)	1,144,623
Total finance expenses/(income) from insurance contracts issued	581,682	2,510,552	(281,367)	2,810,867
Recognised in:				
Profit or loss	1,486,144	3,798,013	848,938	6,133,095
Other comprehensive income	(904,462)	(1,287,461)	(1,130,305)	(3,322,228)
Finance expenses/(income) from reinsurance contracts held:				
Interest accrued at locked-in rates	65,028	(238,085)	–	(173,057)
Effect of changes in interest rates and other financial assumptions	562,009	(68,660)	–	493,349
Exchange (gains)/losses, net	57,793	341,051	–	398,844
Total finance expenses/(income) from reinsurance contracts held	684,830	34,306	–	719,136
Recognised in:				
Profit or loss	(175,076)	104,610	–	(70,466)
Other comprehensive income	859,906	(70,304)	–	789,602

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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12 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2023	2022
Financial investments:		
Financial investments at amortised cost	335,382	31,289
Debt instruments measured at fair value through other comprehensive income	(474,598)	370,769
Others	652	–
Total	(138,564)	402,058

The Group applied the classification overlay for the purpose of presenting comparative information about net impairment loss on financial assets based on the requirements of IAS 39 Financial Instruments: Recognition and Measurement as described in Note 2.12.

13 OTHER FINANCE COST

	2023	2022
Interest expenses		
Financial assets sold under repurchase agreements	1,387,061	995,012
Bonds payable	662,581	676,832
Bank borrowings	192,575	176,705
Letter of Credit	57,210	53,538
Lease liabilities	24,512	31,936
Total	2,323,939	1,934,023

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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14 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	2023	2022
Employee costs	5,841,064	5,646,843
Outsourcing costs	2,949,608	3,050,722
Advertising and promotion expenses	2,068,611	1,829,769
Depreciation and amortisation	1,095,206	1,162,342
Official and travel expenses	622,547	652,845
Taxes and surcharges	460,686	529,747
Impairment losses charges	1,442	10,367
Insurance guarantee fund	357,373	361,619
Rental expenses (Note)	101,904	117,996
Traffic accident rescue expense	16,708	26,583
Asset management fee	121,807	168,223
Bank settlement fee	141,272	137,273
Cost of sales of goods	12,391	–
Others	2,152,490	2,231,465
Subtotal	15,943,109	15,925,794
Less: Expenses directly attributable to insurance contracts	(12,224,659)	(12,341,267)
Total	3,718,450	3,584,527

Note: Rental expenses represent lease payments for short-term leases and low-value leases.

Fees and commissions incurred during the year that have been treated as insurance acquisition cash flows of insurance contracts are not included in the table above.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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15 DIRECTORS' AND SUPERVISORS' REMUNERATION

	2023							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	
Executive directors								
Mr. He Chunlei	-	384	334	94	128	-	-	940
Mr. Zhuang Qianzhi	-	384	334	94	125	-	-	937
Non-executive directors								
Ms. Wang Xiaoya	-	-	-	-	-	-	-	-
Mr. Li Bingquan (ii)	-	-	-	-	-	-	-	-
Mr. Yang Changsong	-	-	-	-	-	-	-	-
Mr. Li Wenfeng (iv)	-	-	-	-	-	-	-	-
Mr. Liu Xiaopeng (i)	-	-	-	-	-	-	-	-
Independent non-executive directors								
Ms. Jiang Bo	250	-	-	-	-	-	-	250
Mr. Dai Deming (v)	86	-	-	-	-	-	-	86
Ms. Ye Mei (vi)	9	-	-	-	-	-	-	9
Mr. Hao Yansu (iii)	167	-	-	-	-	-	-	167
Mr. Li Sanxi (iii)	167	-	-	-	-	-	-	167
Ms. Mok Kam Sheung (iii)	167	-	-	-	-	-	-	167
Supervisors								
Mr. Zhu Hailin	-	384	334	94	128	-	-	940
Mr. Zhu Yong (vii)	-	-	-	-	-	-	-	-
Mr. Zeng Cheng	-	-	-	-	-	-	-	-
Mr. Qin Yueguang	-	-	-	-	-	-	-	-
Mr. Li Jingye	-	-	-	-	-	-	-	-
Total	846	1,152	1,002	282	381	-	-	3,663

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

15 DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Note:

- (i) Mr. Liu Xiaopeng ceased to be a non-executive director from 29 August 2023.
- (ii) Mr. Li Bingquan ceased to be a non-executive director from 4 January 2024.
- (iii) Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung ceased to be non-executive directors from 29 August 2023.
- (iv) Mr. Li Wenfeng has been a non-executive director from 29 August 2023.
- (v) Mr. Dai Deming has been an independent non-executive director from 29 August 2023.
- (vi) Ms. Ye Mei has been an independent non-executive director from 20 December 2023.
- (vii) Mr. Zhu Yong has ceased to serve as a Supervisor, a member of the Performance Supervision and Inspection Committee and a member of the Financial Supervision and Inspection Committee under the Board of Supervisors since 19 January 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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15 DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

	2022							
	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
Executive directors								
Mr. He Chunlei (ii)	-	384	334	106	111	-	-	935
Mr. Zhuang Qianzhi (iii)	-	356	318	105	106	-	-	885
Mr. Yuan Linjiang (i)	-	256	222	69	69	-	-	616
Non-executive directors								
Mr. Yang Changsong (v)	-	-	-	-	-	-	-	-
Ms. Wang Xiaoya	-	-	-	-	-	-	-	-
Mr. Liu Xiaopeng	-	-	-	-	-	-	-	-
Mr. Li Bingquan (iv)	-	-	-	-	-	-	-	-
Mr. Wen Ning (vi)	-	-	-	-	-	-	-	-
Independent non-executive directors								
Mr. Hao Yansu	250	-	-	-	-	-	-	250
Mr. Li Sanxi	250	-	-	-	-	-	-	250
Ms. Mok Kam Sheung	250	-	-	-	-	-	-	250
Ms. Jiang Bo	250	-	-	-	-	-	-	250
Supervisors								
Mr. Zhu Hailin (viii)	-	192	167	55	64	-	-	478
Ms. Xiong Lianhua (vii)	-	96	83	26	24	-	-	229
Mr. Zhu Yong	-	-	-	-	-	-	-	-
Mr. Zeng Cheng	-	-	-	-	-	-	-	-
Mr. Qin Yueguang	-	-	-	-	-	-	-	-
Mr. Li Jingye	-	-	-	-	-	-	-	-
Total	1,000	1,284	1,124	361	374	-	-	4,143

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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15 DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Note:

- (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.

The compensation amounts disclosed above for these directors and supervisors for the year ended 31 December 2022 were same as the finalised amounts determined.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

16 INDIVIDUALS WITH HIGHEST EMOLUMENTS

	2023	2022
Salaries, allowances and benefits in kind	14,288	13,692
Discretionary bonuses	79,106	62,070
Employer's contribution to a retirement benefit scheme	1,935	1,855
Total	95,329	77,617

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:

	2023	2022
RMB9,000,001 to RMB9,500,000	–	–
RMB10,000,001 to RMB15,500,000	1	4
RMB15,500,001 to RMB25,000,000	4	–
RMB25,000,001 to RMB30,000,000	–	1
Total	5	5

The above emoluments are pre-tax. In 2023, the five individuals with the highest emoluments are employees of Chaucer.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

17 INCOME TAX

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

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

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

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

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

18 DIVIDENDS

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

19 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares issued.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

19 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

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

Note: The associate of the Group, China Everbright Bank issued convertible bonds with a share conversion period from 17 March 2017 to 16 March 2023 which meet potential ordinary shares under IAS 33. Therefore, when calculating the diluted earnings per share for the year ended 31 December 2023 and 31 December 2022, the Group considered the impact of the conversion of all convertible corporate bonds of China Everbright Bank into ordinary shares on the net profit attributable to the shareholders of the parent at the beginning of the reporting period.

20 OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX

	2023	2022
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(19,609)	(94,988)
Less: Income tax	3,839	28,998
Equity investments designated at fair value through other comprehensive income	50,866	(421,051)
Less: Income tax	(15,720)	79,815
Subtotal	19,376	(407,226)

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

20 OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX (continued)

	2023	2022
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of associates	137,792	(163,792)
Less: Reclassification adjustments for amounts transferred to profit or loss	–	73,982
Less: Income tax	(13,158)	34,393
Fair value changes on debt instruments at fair value through other comprehensive income	2,603,208	(3,948,605)
Less: Reclassification adjustments for amounts transferred to profit or loss	(568,378)	1,030,662
Less: Income tax	(331,145)	811,612
Provision for credit losses on debt instruments measured at fair value through other comprehensive income	(474,598)	–
Less: Income tax	29,347	–
Finance income/(expenses) from insurance contracts issued	(3,338,314)	3,322,228
Less: Income tax	807,876	(703,147)
Finance income/(expenses) from reinsurance contracts held	1,086,637	(789,602)
Less: Income tax	(368,915)	328,985
Subtotal	(429,648)	(3,284)
Exchange gains and losses on translation of financial statements of foreign operations	28,233	341,034
Total	(382,039)	(69,476)
Equity shareholders of the parent	(301,024)	(5,673)
Non-controlling interests	(81,015)	(63,803)
Total	(382,039)	(69,476)

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

21 CASH AND SHORT-TERM TIME DEPOSITS

	31 December 2023	31 December 2022
Cash at banks and on hand	9,733,781	10,836,666
Time deposits with original maturity of no more than three months	480,606	63,681
Other deposits	4,381,898	3,893,527
Interest receivable	3,143	5,190
Subtotal	14,599,428	14,799,064
Less: Impairment provision	(2,902)	–
Amortised costs	14,596,526	14,799,064

As at 31 December 2023, cash and short-term time deposits of RMB4,300,366 thousand (31 December 2022: RMB3,824,920 thousand) were restricted from use, which were mainly trading deposits and securities settlement deposits.

22 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	2023	2022
Securities – bonds traded in		
Stock exchange	5,694,500	3,632,232
Inter-bank market	1,813,000	815,000
Interest receivable	(142)	418
Subtotal	7,507,358	4,447,650
Less: Impairment provision	(2,321)	–
Total	7,505,037	4,447,650

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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23 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2022
Listed		
Debt securities		
Government bonds	10,402	3,637
Financial bonds	580,435	400,482
Corporate bonds	19,752,383	18,212,665
Subordinated bonds	3,366,285	200,169
Assets backed securities	230,939	291,545
Equity securities		
Funds	8,653,463	4,172,496
Stocks	17,345,257	14,184,441
Subtotal	49,939,164	37,465,435
Unlisted		
Debt securities		
Government bonds	434,493	89,525
Financial bonds	1,479,845	507,745
Corporate bonds	1,572,335	385,549
Subordinated bonds	20,003,364	10,240,775
Debt investment plans	2,142,164	1,689,737
Trust schemes	3,162,548	2,266,340
Assets backed plans	183,359	185,430
Equity securities		
Investment funds	23,693,346	22,598,600
Unlisted shares	476,229	581,611
Other investment schemes	1,295,871	1,770,939
Subtotal	54,443,554	40,316,251
Total	104,382,718	77,781,686

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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24 FINANCIAL INVESTMENTS AT AMORTISED COST

	31 December 2023	31 December 2022
Listed		
Government bonds	8,111,675	3,999,934
Financial bonds	603,225	673,630
Corporate bonds	24,523,980	22,268,525
Subordinated bonds	2,251,389	2,060,073
Subtotal	35,490,269	29,002,162
Unlisted		
Government bonds	1,256,368	143,682
Financial bonds	2,267,066	3,725,802
Corporate bonds	6,829,096	8,934,377
Subordinated bonds	3,568,682	1,520,741
Debt investment plans	22,794,513	24,694,282
Trust schemes	14,234,140	12,654,666
Subtotal	50,949,865	51,673,550
Gross carrying amount	86,440,134	80,675,712
Less: Impairment provision	(2,346,782)	(1,913,598)
Amortised costs	84,093,352	78,762,114

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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25 DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2023	31 December 2022
Listed		
Government bonds	6,156,474	4,670,559
Financial bonds	4,132,374	2,219,396
Corporate bonds	54,346,458	52,045,769
Subordinated bonds	2,585,371	2,017,217
Subtotal	67,220,677	60,952,941
Unlisted		
Government bonds	8,622,981	7,105,292
Financial bonds	13,962,905	22,885,011
Corporate bonds	13,082,363	19,887,792
Subordinated bonds	5,657,159	–
Subtotal	41,325,408	49,878,095
Total	108,546,085	110,831,036
Comprising:		
Amortised Cost	108,054,213	112,431,495
Accumulated changes in fair value	491,872	(1,600,459)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

26 EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2023	31 December 2022
Listed		
Stocks	7,971,588	13,209,467
Perpetual bonds	3,200,327	3,863,371
Subtotal	11,171,915	17,072,838
Unlisted		
Unlisted shares	106,108	756,032
Subtotal	106,108	756,032
Total	11,278,023	17,828,870
Comprising:		
Cost	15,391,823	22,181,778
Accumulated changes in fair value	(4,113,800)	(4,352,908)

For the equity investments which are not held for trading but for long-term investments, the Group has irrevocably elected to recognize them in this category at initial recognition.

In 2023, for the consideration of optimizing asset allocation and asset-liability management, the Group disposed of equity financial assets at fair value through other comprehensive income amounted to RMB8,960 million (2022: RMB2,006 million), and the net cumulative losses of RMB128 million (2022: net cumulative losses of RMB52 million) on disposal was transferred from other comprehensive income to retained profits.

The dividend income of equity financial assets at fair value through other comprehensive income recognized during the year are disclosed in Note 8.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims

	Reinsurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
2023				Total							
Insurance contract liabilities at the beginning of the year	(3,551,708)	231,844	27,492,683	24,172,819	(3,944,314)	419,759	20,466,109	1,230,528	18,172,082	42,344,901	
Insurance contract assets at the beginning of the year	(9,894)	405	(242,791)	(252,280)	(107,509)	4,771	91,119	6,024	(5,595)	(257,875)	
Net insurance contract liabilities/assets at the beginning of the year	(3,561,602)	232,249	27,249,892	23,920,539	(4,051,823)	424,530	20,557,228	1,236,552	18,166,487	42,087,026	
Contracts under the modified retrospective approach (MRA)	-	-	-	-	-	-	-	-	-	-	
Contracts under the fair value approach (FVA)	(495,431)	-	-	(495,431)	-	-	-	-	-	(495,431)	
Other contracts	(10,678,327)	-	-	(10,678,327)	(20,428,349)	-	-	-	(20,428,349)	(31,106,676)	
Insurance revenue	(11,173,758)	-	-	(11,173,758)	(20,428,349)	-	-	-	(20,428,349)	(31,602,107)	
Incurring claims and other insurance service expenses, excluding insurance acquisition cash flows	-	(439,991)	7,319,481	6,879,490	-	-	18,968,588	615,533	19,584,121	26,463,611	
Amortisation of insurance acquisition cash flows	1,362,617	-	-	1,362,617	98,548	-	-	-	98,548	1,461,165	
Recognition and reversals of losses on onerous contracts	-	279,499	-	279,499	-	30,179	-	-	30,179	309,678	
Changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(1,206,894)	(1,206,894)	-	-	50,712	(211,883)	(161,171)	(1,368,065)	
Other expenses	17,586	-	-	17,586	(5,368)	-	-	-	(5,368)	12,218	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2023	Reinsurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Total	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components	Liability for incurred claims		Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
Insurance service expenses	1,380,203	(160,492)	6,112,587	7,332,298	93,180	30,179	19,019,300	403,650	19,546,309	26,878,607	
Insurance service result	(9,793,555)	(160,492)	6,112,587	(3,841,460)	(20,335,169)	30,179	19,019,300	403,650	(882,040)	(4,723,500)	
Finance income/(expenses) from insurance contracts issued	283,924	10,620	982,644	1,277,188	76,693	65	573,695	39,519	689,972	1,967,160	
Amounts recognised in profit or loss	203,572	11,118	702,502	917,192	76,693	65	530,271	35,992	643,021	1,560,213	
Amounts recognised in other comprehensive income	80,352	(498)	280,142	359,996	-	-	43,424	3,527	46,951	406,947	
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-	
Other changes recognised in other comprehensive income	(3,730)	1,625	217,568	215,463	-	-	-	-	-	215,463	
Total changes in the statement of profit or loss and other comprehensive income	(9,513,361)	(148,247)	7,312,799	(2,348,809)	(20,258,476)	30,244	19,592,995	443,169	(192,068)	(2,540,877)	
Investment components	(429,351)	-	429,351	-	(8,150,604)	-	8,150,604	-	-	-	
Premiums received	13,353,044	-	-	13,353,044	27,980,356	-	-	-	27,980,356	41,333,400	
Insurance acquisition cash flows paid	(1,283,218)	-	-	(1,283,218)	(211,760)	-	-	-	(211,760)	(1,494,978)	
Claims and other insurance service expenses paid, including investment components	-	-	(9,000,023)	(9,000,023)	-	-	(20,517,399)	-	(20,517,399)	(29,517,422)	
Other cash flows	-	-	-	-	-	-	-	-	-	-	
Total cash flows	12,069,826	-	(9,000,023)	3,069,803	27,768,596	-	(20,517,399)	-	7,251,197	10,321,000	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Reinsurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
2023				Total							
Other changes	-	-	-	-	-	-	-	-	-	-	
Net liabilities/assets of insurance contract at the end of the year	(1,434,488)	84,002	25,992,019	24,641,533	(4,692,307)	454,774	27,783,428	1,679,721	25,225,616	49,867,149	
Insurance contract assets at the end of the year	(53,055)	3	(126,949)	(180,001)	(7,414)	4	29,961	10,467	33,018	(146,983)	
Insurance contract liabilities at the end of the year	(1,381,433)	83,999	26,118,968	24,821,534	(4,684,893)	454,770	27,753,467	1,669,254	25,192,598	50,014,132	

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Reinsurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims			Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
Insurance contract liabilities at the beginning of the year	(3,204,524)	195,568	32,002,606	28,993,650	(2,266,609)	529,813	7,967,270	524,824	6,755,298	35,748,948	
Insurance contract assets at the beginning of the year	(4,924)	-	(162,804)	(167,728)	(38,036)	891	7,779	1,014	(28,352)	(196,080)	
Net insurance contract liabilities/assets at the beginning of the year	(3,209,448)	195,568	31,839,802	28,825,922	(2,304,645)	530,704	7,975,049	525,838	6,726,946	35,552,868	
Contracts under the modified retrospective approach (MRA)	-	-	-	-	-	-	-	-	-	-	
Contracts under the fair value approach (FVA)	(869,911)	-	-	(869,911)	-	-	-	-	-	(869,911)	
Other contracts	(8,982,055)	-	-	(8,982,055)	(15,638,205)	-	-	-	(15,638,205)	(24,620,260)	
Insurance revenue	(9,851,966)	-	-	(9,851,966)	(15,638,205)	-	-	-	(15,638,205)	(25,490,171)	
Incurring claims and other insurance service expenses, excluding insurance acquisition cash flows	-	(482,872)	7,163,322	6,680,450	-	-	14,649,739	684,354	15,334,093	22,014,543	
Amortisation of insurance acquisition cash flows	1,088,310	-	-	1,088,310	130,013	-	-	-	130,013	1,218,323	
Recognition and reversals of losses on onerous contracts	-	515,184	-	515,184	-	(106,538)	-	-	(106,538)	408,646	
Changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(1,683,765)	(1,683,765)	-	-	41,309	2,577	43,886	(1,639,879)	
Other expenses	9,728	-	-	9,728	11,912	-	-	-	11,912	21,640	

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Reinsurance contracts issued – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Insurance service expenses	1,098,038	32,312	5,479,557	6,609,907	141,925	(106,538)	14,691,048	686,931	15,413,366	22,023,273
Insurance service result	(8,753,928)	32,312	5,479,557	(3,242,059)	(15,496,280)	(106,538)	14,691,048	686,931	(224,839)	(3,466,898)
Finance income/(expenses) from insurance contracts issued	59,866	(2,692)	91,160	148,334	60,108	364	349,094	23,783	433,349	581,683
Amounts recognised in profit or loss	108,895	9,151	975,682	1,093,728	60,108	364	310,770	21,173	392,415	1,486,143
Amounts recognised in other comprehensive income	(49,029)	(11,843)	(884,522)	(945,394)	-	-	38,324	2,610	40,934	(904,460)
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-
Other changes recognised in other comprehensive income	(245,367)	7,061	963,587	725,281	32	-	-	-	32	725,313
Total changes in the statement of profit or loss and other comprehensive income	(8,939,429)	36,681	6,534,304	(2,368,444)	(15,436,140)	(106,174)	15,040,142	710,714	208,542	(2,159,902)
Investment components	(291,347)	-	291,347	-	(10,837,269)	-	10,837,269	-	-	-
Premiums received	9,896,197	-	-	9,896,197	24,627,038	-	-	-	24,627,038	34,523,235
Insurance acquisition cash flows paid	(1,017,575)	-	-	(1,017,575)	(100,807)	-	-	-	(100,807)	(1,118,382)
Claims and other insurance service expenses paid, including investment components	-	-	(11,415,561)	(11,415,561)	-	-	(13,295,232)	-	(13,295,232)	(24,710,793)
Other cash flows	-	-	-	-	-	-	-	-	-	-
Total cash flows	8,878,622	-	(11,415,561)	(2,536,939)	24,526,231	-	(13,295,232)	-	11,230,999	8,694,060

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Reinsurance contracts issued – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Other changes	-	-	-	-	-	-	-	-	-	-
Net liabilities/assets of insurance contract at the end of the year	(3,561,602)	232,249	27,249,892	23,920,539	(4,051,823)	424,530	20,557,228	1,236,552	18,166,487	42,087,026
Insurance contract assets at the end of the year	(9,894)	405	(242,791)	(252,280)	(107,509)	4,771	91,119	6,024	(5,595)	(257,875)
Insurance contract liabilities at the end of the year	(3,551,708)	231,844	27,492,683	24,172,819	(3,944,314)	419,759	20,466,109	1,230,528	18,172,082	42,344,901

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Retrocession contracts held – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims		Total	Total
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
2023										
Reinsurance contract assets at the beginning of the year	(2,742,369)	123,841	11,441,570	8,823,042	(397,097)	115,535	2,068,748	111,710	1,898,896	10,721,938
Reinsurance contract liabilities at the beginning of the year	(11,659)	–	(4,186)	(15,845)	(44,624)	324	40,925	195	(3,180)	(19,025)
Net assets/liabilities of reinsurance contract at the beginning of the year	(2,754,028)	123,841	11,437,384	8,807,197	(441,721)	115,859	2,109,673	111,905	1,895,716	10,702,913
Allocation of reinsurance premiums	(4,277,997)	–	–	(4,277,997)	(2,695,554)	–	–	–	(2,695,554)	(6,973,551)
Recovery of claims incurred in the period	–	(61,389)	2,120,042	2,058,653	–	–	1,939,576	76,911	2,016,487	4,075,140
Recognition and reversals of the loss-recovery component	–	192,003	–	192,003	–	1,502	–	–	1,502	193,505
Changes in fulfilment cash flows that relate to the asset for incurred claims	–	–	(358,249)	(358,249)	–	–	(265,880)	(54,645)	(320,525)	(678,774)
Changes in non-performance risk of reinsurers	1,373	–	583	1,956	–	–	(1,504)	–	(1,504)	452
Others	–	–	–	–	–	–	–	–	–	–
Amounts recoverable from reinsurers	1,373	130,614	1,762,376	1,894,363	–	1,502	1,672,192	22,266	1,695,960	3,590,323
Net income/(expenses) from reinsurance contracts held	(4,276,624)	130,614	1,762,376	(2,383,634)	(2,695,554)	1,502	1,672,192	22,266	(999,594)	(3,383,228)
Finance income/(expenses) from reinsurance contracts held	223,129	(726)	530,212	752,615	33,950	7	44,014	3,149	81,120	833,735
Amounts recognised in profit or loss	114,538	259	292,276	407,073	33,950	7	37,803	2,772	74,532	481,605
Amounts recognised in other comprehensive income	108,591	(985)	237,936	345,542	–	–	6,211	377	6,588	352,130
Other changes recognised in profit or loss	–	–	–	–	–	–	–	–	–	–
Other changes recognised in other comprehensive income	(35,744)	1,363	169,972	135,591	–	–	–	–	–	135,591
Total changes in the statement of profit or loss and other comprehensive income	(4,089,239)	131,251	2,462,560	(1,495,428)	(2,661,604)	1,509	1,716,206	25,415	(918,474)	(2,413,902)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Retrocession contracts held – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims		Total	Total
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
2023										
Investment components	(41,073)	-	41,073	-	(223,823)	-	223,823	-	-	-
Reinsurance premium paid	4,852,244	-	-	4,852,244	2,495,672	-	-	-	2,495,672	7,347,916
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	-	-	(2,224,096)	(2,224,096)	-	-	(1,136,705)	-	(1,136,705)	(3,360,801)
Other cash flows	-	-	-	-	-	-	-	-	-	-
Total cash flows	4,852,244	-	(2,224,096)	2,628,148	2,495,672	-	(1,136,705)	-	1,358,967	3,987,115
Other changes	-	-	-	-	-	-	-	-	-	-
Net assets/liabilities of reinsurance contract at the end of the year	(2,032,096)	255,092	11,716,921	9,939,917	(831,476)	117,368	2,912,997	137,320	2,336,209	12,276,126
Reinsurance contract assets at the end of the year	(2,023,113)	255,092	11,721,589	9,953,568	(723,278)	117,260	2,806,689	137,127	2,337,798	12,291,366
Reinsurance contract liabilities at the end of the year	(8,983)	-	(4,668)	(13,651)	(108,198)	108	106,308	193	(1,589)	(15,240)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Retrocession contracts held – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims		Total	Total
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
2022										
Reinsurance contract assets at the beginning of the year	(1,868,599)	11,966	12,245,685	10,389,052	(383,771)	80,898	1,105,915	44,028	847,070	11,236,122
Reinsurance contract liabilities at the beginning of the year	(22,912)	–	15,403	(7,509)	(1,259)	–	446	25	(788)	(8,297)
Net assets/liabilities of reinsurance contract at the beginning of the year	(1,891,511)	11,966	12,261,088	10,381,543	(385,030)	80,898	1,106,361	44,053	846,282	11,227,825
Allocation of reinsurance premiums	(4,061,365)	–	–	(4,061,365)	(2,452,517)	–	–	–	(2,452,517)	(6,513,882)
Recovery of claims incurred in the period	–	(22,614)	2,872,195	2,849,581	–	–	1,691,955	81,986	1,773,941	4,623,522
Recognition and reversals of the loss-recovery component	–	125,117	–	125,117	–	34,934	–	–	34,934	160,051
Changes in fulfilment cash flows that relate to the asset for incurred claims	–	–	(840,666)	(840,666)	–	–	(119,425)	(16,195)	(135,620)	(976,286)
Changes in non-performance risk of reinsurers	1,722	–	3,956	5,678	–	–	(936)	–	(936)	4,742
Others	–	–	–	–	–	–	–	–	–	–
Amounts recoverable from reinsurers	1,722	102,503	2,035,485	2,139,710	–	34,934	1,571,594	65,791	1,672,319	3,812,029
Net income/(expenses) from reinsurance contracts held	(4,059,643)	102,503	2,035,485	(1,921,655)	(2,452,517)	34,934	1,571,594	65,791	(780,198)	(2,701,853)
Finance income/(expenses) from reinsurance contracts held	(188,468)	(5,945)	(539,101)	(733,514)	19,948	27	26,648	2,061	48,684	(684,830)
Amounts recognised in profit or loss	(48,297)	103	172,825	124,631	19,948	27	28,444	2,026	50,445	175,076
Amounts recognised in other comprehensive income	(140,171)	(6,048)	(711,926)	(858,145)	–	–	(1,796)	35	(1,761)	(859,906)
Other changes recognised in profit or loss	–	–	–	–	–	–	–	–	–	–
Other changes recognised in other comprehensive income	(107,480)	15,317	790,246	698,083	–	–	–	–	–	698,083
Total changes in the statement of profit or loss and other comprehensive income	(4,355,591)	111,875	2,286,630	(1,957,086)	(2,432,569)	34,961	1,598,242	67,852	(731,514)	(2,688,600)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Retrocession contracts held – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims		Total	Total
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Investment components	(80,481)	-	80,481	-	(163,926)	-	163,926	-	-	-
Reinsurance premium paid	3,573,578	-	-	3,573,578	2,539,804	-	-	-	2,539,804	6,113,382
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	(23)	-	(3,190,815)	(3,190,838)	-	-	(758,856)	-	(758,856)	(3,949,694)
Other cash flows	-	-	-	-	-	-	-	-	-	-
Total cash flows	3,573,555	-	(3,190,815)	382,740	2,539,804	-	(758,856)	-	1,780,948	2,163,688
Other changes	-	-	-	-	-	-	-	-	-	-
Net assets/liabilities of reinsurance contract at the end of the year	(2,754,028)	123,841	11,437,384	8,807,197	(441,721)	115,859	2,109,673	111,905	1,895,716	10,702,913
Reinsurance contract assets at the end of the year	(2,742,369)	123,841	11,441,570	8,823,042	(397,097)	115,535	2,068,748	111,710	1,898,896	10,721,938
Reinsurance contract liabilities at the end of the year	(11,659)	-	(4,186)	(15,845)	(44,624)	324	40,925	195	(3,180)	(19,025)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Reinsurance contracts issued – Life and health										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
2023											
Insurance contract liabilities at the beginning of the year	80,445,353	4,595,457	39,615,479	124,656,289	-	-	-	-	-	124,656,289	
Insurance contract assets at the beginning of the year	(276,659)	2,014	37,030	(237,615)	-	-	-	-	-	(237,615)	
Net insurance contract liabilities/assets at the beginning of the year	80,168,694	4,597,471	39,652,509	124,418,674	-	-	-	-	-	124,418,674	
Contracts under the modified retrospective approach (MRA)	-	-	-	-	-	-	-	-	-	-	
Contracts under the fair value approach (FVA)	(4,541,309)	-	-	(4,541,309)	-	-	-	-	-	(4,541,309)	
Other contracts	(6,176,297)	-	-	(6,176,297)	-	-	-	-	-	(6,176,297)	
Insurance revenue	(10,717,606)	-	-	(10,717,606)	-	-	-	-	-	(10,717,606)	
Incurred claims and other insurance service expenses, excluding insurance acquisition cash flows	-	(593,621)	8,697,663	8,104,042	-	-	-	-	-	8,104,042	
Amortisation of insurance acquisition cash flows	138,349	-	-	138,349	-	-	-	-	-	138,349	
Recognition and reversals of losses on onerous contracts	-	2,805,740	-	2,805,740	-	-	-	-	-	2,805,740	
Changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(148,907)	(148,907)	-	-	-	-	-	(148,907)	
Other expenses	-	-	-	-	-	-	-	-	-	-	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Reinsurance contracts issued – Life and health										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
2023				Total							
Insurance service expenses	138,349	2,212,119	8,548,756	10,899,224	-	-	-	-	-	10,899,224	
Insurance service result	(10,579,257)	2,212,119	8,548,756	181,618	-	-	-	-	-	181,618	
Finance income/(expenses) from insurance contracts issued	5,517,198	368,045	20,491	5,905,734	-	-	-	-	-	5,905,734	
Amounts recognised in profit or loss	3,240,776	139,254	20,491	3,400,521	-	-	-	-	-	3,400,521	
Amounts recognised in other comprehensive income	2,276,422	228,791	-	2,505,213	-	-	-	-	-	2,505,213	
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-	
Other changes recognised in other comprehensive income	296,281	2,947	(2,006)	297,222	-	-	-	-	-	297,222	
Total changes in the statement of profit or loss and other comprehensive income	(4,765,778)	2,583,111	8,567,241	6,384,574	-	-	-	-	-	6,384,574	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2023	Reinsurance contracts issued – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage			Total	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components	Liability for incurred claims		Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Investment components	(42,507,967)	–	42,507,967	–	–	–	–	–	–	–
Premiums received	56,803,045	–	–	56,803,045	–	–	–	–	–	56,803,045
Insurance acquisition cash flows paid	(94,550)	–	–	(94,550)	–	–	–	–	–	(94,550)
Claims and other insurance service expenses paid, including investment components	–	–	(60,850,039)	(60,850,039)	–	–	–	–	–	(60,850,039)
Other cash flows	10,826,407	–	23,664	10,850,071	–	–	–	–	–	10,850,071
Total cash flows	67,534,902	–	(60,826,375)	6,708,527	–	–	–	–	–	6,708,527
Other changes	–	–	–	–	–	–	–	–	–	–
Net liabilities/assets of insurance contract at the end of the year	100,429,851	7,180,582	29,901,342	137,511,775	–	–	–	–	–	137,511,775
Insurance contract assets at the end of the year	(429,177)	20,562	118,500	(290,115)	–	–	–	–	–	(290,115)
Insurance contract liabilities at the end of the year	100,859,028	7,160,020	29,782,842	137,801,890	–	–	–	–	–	137,801,890

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Reinsurance contracts issued – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Insurance contract liabilities at the beginning of the year	79,450,694	2,185,603	42,877,690	124,513,987	-	-	-	-	-	124,513,987
Insurance contract assets at the beginning of the year	(799,532)	2,490	527,965	(269,077)	-	-	-	-	-	(269,077)
Net insurance contract liabilities/assets at the beginning of the year	78,651,162	2,188,093	43,405,655	124,244,910	-	-	-	-	-	124,244,910
Contracts under the modified retrospective approach (MRA)	-	-	-	-	-	-	-	-	-	-
Contracts under the fair value approach (FVA)	(6,006,429)	-	-	(6,006,429)	-	-	-	-	-	(6,006,429)
Other contracts	(4,699,648)	-	-	(4,699,648)	-	-	-	-	-	(4,699,648)
Insurance revenue	(10,706,077)	-	-	(10,706,077)	-	-	-	-	-	(10,706,077)
Incurred claims and other insurance service expenses, excluding insurance acquisition cash flows	-	(523,019)	7,475,878	6,952,859	-	-	-	-	-	6,952,859
Amortisation of insurance acquisition cash flows	263,277	-	-	263,277	-	-	-	-	-	263,277
Recognition and reversals of losses on onerous contracts	-	3,199,004	-	3,199,004	-	-	-	-	-	3,199,004
Changes in fulfilment cash flows relating to the liability for incurred claims	-	-	57,405	57,405	-	-	-	-	-	57,405
Other expenses	-	-	-	-	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Reinsurance contracts issued – Life and health										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage		Liability for incurred claims			Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
Insurance service expenses	263,277	2,675,985	7,533,283	10,472,545	-	-	-	-	-	10,472,545	
Insurance service result	(10,442,800)	2,675,985	7,533,283	(233,532)	-	-	-	-	-	(233,532)	
Finance income/(expenses) from											
insurance contracts issued	2,269,387	25,831	215,335	2,510,553	-	-	-	-	-	2,510,553	
Amounts recognised in profit or loss	3,475,992	106,687	215,335	3,798,014	-	-	-	-	-	3,798,014	
Amounts recognised in other comprehensive income	(1,206,605)	(80,856)	-	(1,287,461)	-	-	-	-	-	(1,287,461)	
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-	
Other changes recognised in other comprehensive income	1,917,238	(292,438)	(43,175)	1,581,625	-	-	-	-	-	1,581,625	
Total changes in the statement of profit or loss and other comprehensive income	(6,256,175)	2,409,378	7,705,443	3,858,646	-	-	-	-	-	3,858,646	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Reinsurance contracts issued – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
2022				Total						
Investment components	(54,459,620)	-	54,459,620	-	-	-	-	-	-	-
Premiums received	75,290,784	-	-	75,290,784	-	-	-	-	-	75,290,784
Insurance acquisition cash flows paid	(234,064)	-	-	(234,064)	-	-	-	-	-	(234,064)
Claims and other insurance service expenses paid, including investment components	-	-	(65,819,457)	(65,819,457)	-	-	-	-	-	(65,819,457)
Other cash flows	(12,823,393)	-	(98,752)	(12,922,145)	-	-	-	-	-	(12,922,145)
Total cash flows	62,233,327	-	(65,918,209)	(3,684,882)	-	-	-	-	-	(3,684,882)
Other changes	-	-	-	-	-	-	-	-	-	-
Net liabilities/assets of insurance contract at the end of the year	80,168,694	4,597,471	39,652,509	124,418,674	-	-	-	-	-	124,418,674
Insurance contract assets at the end of the year	(276,659)	2,014	37,030	(237,615)	-	-	-	-	-	(237,615)
Insurance contract liabilities at the end of the year	80,445,353	4,595,457	39,615,479	124,656,289	-	-	-	-	-	124,656,289

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Retrocession contracts held – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims			
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total	Total
2023										
Reinsurance contract assets at the beginning of the year	1,346,128	637,449	7,549,510	9,533,087	-	-	-	-	-	9,533,087
Reinsurance contract liabilities at the beginning of the year	(133,251)	-	119,311	(13,940)	-	-	-	-	-	(13,940)
Net assets/liabilities of reinsurance contract at the beginning of the year	1,212,877	637,449	7,668,821	9,519,147	-	-	-	-	-	9,519,147
Allocation of reinsurance premiums	(1,382,774)	-	-	(1,382,774)	-	-	-	-	-	(1,382,774)
Recovery of claims incurred in the period	-	(60,775)	1,403,466	1,342,691	-	-	-	-	-	1,342,691
Recognition and reversals of the loss-recovery component	-	1,152,313	-	1,152,313	-	-	-	-	-	1,152,313
Changes in fulfilment cash flows that relate to the asset for incurred claims	-	-	(216,845)	(216,845)	-	-	-	-	-	(216,845)
Changes in non-performance risk of reinsurers	(179)	-	144	(35)	-	-	-	-	-	(35)
Others	-	-	-	-	-	-	-	-	-	-
Amounts recoverable from reinsurers	(179)	1,091,538	1,186,765	2,278,124	-	-	-	-	-	2,278,124
Net income/(expenses) from reinsurance contracts held	(1,382,953)	1,091,538	1,186,765	895,350	-	-	-	-	-	895,350
Finance income/(expenses) from reinsurance contracts held	1,010,840	98,857	(315)	1,109,382	-	-	-	-	-	1,109,382
Amounts recognised in profit or loss	276,334	98,857	(315)	374,876	-	-	-	-	-	374,876
Amounts recognised in other comprehensive income	734,506	-	-	734,506	-	-	-	-	-	734,506
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-
Other changes recognised in other comprehensive income	45,961	-	403	46,364	-	-	-	-	-	46,364
Total changes in the statement of profit or loss and other comprehensive income	(326,152)	1,190,395	1,186,853	2,051,096	-	-	-	-	-	2,051,096

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Retrocession contracts held – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims			
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total	Total
2023										
Investment components	(4,528,514)	-	4,528,514	-	-	-	-	-	-	-
Reinsurance premium paid	4,949,930	-	-	4,949,930	-	-	-	-	-	4,949,930
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	-	-	(3,968,964)	(3,968,964)	-	-	-	-	-	(3,968,964)
Other cash flows	(9,821)	-	130,862	121,041	-	-	-	-	-	121,041
Total cash flows	4,940,109	-	(3,838,102)	1,102,007	-	-	-	-	-	1,102,007
Other changes	-	-	-	-	-	-	-	-	-	-
Net assets/liabilities of reinsurance contract at the end of the year	1,298,320	1,827,844	9,546,086	12,672,250	-	-	-	-	-	12,672,250
Reinsurance contract assets at the end of the year	2,001,476	1,827,844	8,867,842	12,697,162	-	-	-	-	-	12,697,162
Reinsurance contract liabilities at the end of the year	(703,156)	-	678,244	(24,912)	-	-	-	-	-	(24,912)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Retrocession contracts held – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims			
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total	Total
Reinsurance contract assets at the beginning of the year	3,226,718	14,772	5,856,409	9,097,899	-	-	-	-	-	9,097,899
Reinsurance contract liabilities at the beginning of the year	(750,495)	-	677,516	(72,979)	-	-	-	-	-	(72,979)
Net assets/liabilities of reinsurance contract at the beginning of the year	2,476,223	14,772	6,533,925	9,024,920	-	-	-	-	-	9,024,920
Allocation of reinsurance premiums	(1,175,926)	-	-	(1,175,926)	-	-	-	-	-	(1,175,926)
Recovery of claims incurred in the period	-	(5,123)	1,838,853	1,833,730	-	-	-	-	-	1,833,730
Recognition and reversals of the loss-recovery component	-	627,555	-	627,555	-	-	-	-	-	627,555
Changes in fulfilment cash flows that relate to the asset for incurred claims	-	-	(379,157)	(379,157)	-	-	-	-	-	(379,157)
Changes in non-performance risk of reinsurers	(55)	-	(65)	(120)	-	-	-	-	-	(120)
Others	-	-	-	-	-	-	-	-	-	-
Amounts recoverable from reinsurers	(55)	622,432	1,459,631	2,082,008	-	-	-	-	-	2,082,008
Net income/(expenses) from reinsurance contracts held	(1,175,981)	622,432	1,459,631	906,082	-	-	-	-	-	906,082
Finance income/(expenses) from reinsurance contracts held	(33,375)	245	(1,176)	(34,306)	-	-	-	-	-	(34,306)
Amounts recognised in profit or loss	(103,679)	245	(1,176)	(104,610)	-	-	-	-	-	(104,610)
Amounts recognised in other comprehensive income	70,304	-	-	70,304	-	-	-	-	-	70,304
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-
Other changes recognised in other comprehensive income	334,428	-	1,069	335,497	-	-	-	-	-	335,497
Total changes in the statement of profit or loss and other comprehensive income	(874,928)	622,677	1,459,524	1,207,273	-	-	-	-	-	1,207,273

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Retrocession contracts held – Life and health									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Asset for remaining coverage				Asset for remaining coverage		Asset for incurred claims			
	Non loss-recovery component	Loss-recovery component	Asset for incurred claims	Total	Non loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total	Total
Investment components	(3,958,396)	-	3,958,396	-	-	-	-	-	-	-
Reinsurance premium paid	3,584,782	-	-	3,584,782	-	-	-	-	-	3,584,782
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	-	-	(4,274,798)	(4,274,798)	-	-	-	-	-	(4,274,798)
Other cash flows	(14,804)	-	(8,226)	(23,030)	-	-	-	-	-	(23,030)
Total cash flows	3,569,978	-	(4,283,024)	(713,046)	-	-	-	-	-	(713,046)
Other changes	-	-	-	-	-	-	-	-	-	-
Net assets/liabilities of reinsurance contract at the end of the year	1,212,877	637,449	7,668,821	9,519,147	-	-	-	-	-	9,519,147
Reinsurance contract assets at the end of the year	1,346,128	637,449	7,549,510	9,533,087	-	-	-	-	-	9,533,087
Reinsurance contract liabilities at the end of the year	(133,251)	-	119,311	(13,940)	-	-	-	-	-	(13,940)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Primary insurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Total	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components	Liability for incurred claims		Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
2023											
Insurance contract liabilities at the beginning of the year	905,672	366,895	19,777,769	21,050,336	9,422,351	2,794,655	14,393,956	696,662	27,307,624	48,357,960	
Insurance contract assets at the beginning of the year	-	-	-	-	-	-	-	-	-	-	
Net insurance contract liabilities/assets at the beginning of the year	905,672	366,895	19,777,769	21,050,336	9,422,351	2,794,655	14,393,956	696,662	27,307,624	48,357,960	
Contracts under the modified retrospective approach (MRA)	-	-	-	-	-	-	-	-	-	-	
Contracts under the fair value approach (FVA)	(750,921)	-	-	(750,921)	-	-	-	-	-	(750,921)	
Other contracts	(10,817,130)	-	-	(10,817,130)	(45,867,571)	-	-	-	(45,867,571)	(56,684,701)	
Insurance revenue	(11,568,051)	-	-	(11,568,051)	(45,867,571)	-	-	-	(45,867,571)	(57,435,622)	
Incurred claims and other insurance service expenses, excluding insurance acquisition cash flows	-	(187,781)	5,924,875	5,737,094	-	-	35,778,732	645,137	36,423,869	42,160,963	
Amortisation of insurance acquisition cash flows	2,793,712	-	-	2,793,712	12,341,317	-	-	-	12,341,317	15,135,029	
Recognition and reversals of losses on onerous contracts	-	240,309	-	240,309	-	156,177	-	-	156,177	396,486	
Changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(1,322,955)	(1,322,955)	-	-	(2,549,217)	(505,803)	(3,055,020)	(4,377,975)	
Other expenses	-	-	-	-	-	-	-	-	-	-	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2023	Primary insurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
Insurance service expenses	2,793,712	52,528	4,601,920	7,448,160	12,341,317	156,177	33,229,515	139,334	45,866,343	53,314,503	
Insurance service result	(8,774,339)	52,528	4,601,920	(4,119,891)	(33,526,254)	156,177	33,229,515	139,334	(1,228)	(4,121,119)	
Finance income/(expenses) from insurance contracts issued	138,406	8,421	1,005,426	1,152,253	369,920	–	329,845	15,226	714,991	1,867,244	
Amounts recognised in profit or loss	26,752	27,088	696,781	750,621	369,920	–	306,523	14,027	690,470	1,441,091	
Amounts recognised in other comprehensive income	111,654	(18,667)	308,645	401,632	–	–	23,322	1,199	24,521	426,153	
Other changes recognised in profit or loss	–	–	–	–	–	–	–	–	–	–	
Other changes recognised in other comprehensive income	29,628	5,478	281,612	316,718	–	–	–	–	–	316,718	
Total changes in the statement of profit or loss and other comprehensive income	(8,606,305)	66,427	5,888,958	(2,650,920)	(33,156,334)	156,177	33,559,360	154,560	713,763	(1,937,157)	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

	Primary insurance contracts issued – property and casualty										
	Contracts not measured under the PAA				Contracts measured under the PAA						
	Liability for remaining coverage			Total	Liability for remaining coverage			Liability for incurred claims		Total	Total
	Non-loss components	Loss components	Liability for incurred claims		Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk			
2023											
Investment components	(30,075)	-	30,075	-	(2,803,061)	-	2,803,061	-	-	-	
Premiums received	11,654,105	-	-	11,654,105	48,945,622	-	-	-	48,945,622	60,599,727	
Insurance acquisition cash flows paid	(2,709,209)	-	-	(2,709,209)	(12,264,044)	-	-	-	(12,264,044)	(14,973,253)	
Claims and other insurance service expenses paid, including investment components	-	-	(6,596,633)	(6,596,633)	-	-	(34,227,320)	-	(34,227,320)	(40,823,953)	
Other cash flows	-	-	-	-	-	-	-	-	-	-	
Total cash flows	8,944,896	-	(6,596,633)	2,348,263	36,681,578	-	(34,227,320)	-	2,454,258	4,802,521	
Other changes	-	-	-	-	-	-	-	-	-	-	
Net liabilities/assets of insurance contract at the end of the year	1,214,188	433,322	19,100,169	20,747,679	10,144,534	2,950,832	16,529,057	851,222	30,475,645	51,223,324	
Insurance contract assets at the end of the year	(10,161)	2,232	3,709	(4,220)	(542,713)	149,943	351,525	23,342	(17,903)	(22,123)	
Insurance contract liabilities at the end of the year	1,224,349	431,090	19,096,460	20,751,899	10,687,247	2,800,889	16,177,532	827,880	30,493,548	51,245,447	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Primary insurance contracts issued – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Insurance contract liabilities at the beginning of the year	1,070,916	6,412	22,647,815	23,725,143	8,957,896	2,408,532	7,026,737	331,309	18,724,474	42,449,617
Insurance contract assets at the beginning of the year	-	-	-	-	-	-	-	-	-	-
Net insurance contract liabilities/assets at the beginning of the year	1,070,916	6,412	22,647,815	23,725,143	8,957,896	2,408,532	7,026,737	331,309	18,724,474	42,449,617
Contracts under the modified retrospective approach (MRA)	-	-	-	-	-	-	-	-	-	-
Contracts under the fair value approach (FVA)	(3,520,488)	-	-	(3,520,488)	-	-	-	-	-	(3,520,488)
Other contracts	(8,697,480)	-	-	(8,697,480)	(40,810,832)	-	-	-	(40,810,832)	(49,508,312)
Insurance revenue	(12,217,968)	-	-	(12,217,968)	(40,810,832)	-	-	-	(40,810,832)	(53,028,800)
Incurring claims and other insurance service expenses, excluding insurance acquisition cash flows	-	(2,611)	8,096,273	8,093,662	-	-	30,756,168	604,670	31,360,838	39,454,500
Amortisation of insurance acquisition cash flows	2,616,385	-	-	2,616,385	11,253,801	-	-	-	11,253,801	13,870,186
Recognition and reversals of losses on onerous contracts	-	322,454	-	322,454	-	386,116	-	-	386,116	708,570
Changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(2,356,773)	(2,356,773)	-	-	(1,371,645)	(248,133)	(1,619,778)	(3,976,551)
Other expenses	-	-	-	-	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Primary insurance contracts issued – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components			Non-loss components	Loss components	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Insurance service expenses	2,616,385	319,843	5,739,500	8,675,728	11,253,801	386,116	29,384,523	356,537	41,380,977	50,056,705
Insurance service result	(9,601,583)	319,843	5,739,500	(3,542,240)	(29,557,031)	386,116	29,384,523	356,537	570,145	(2,972,095)
Finance income/(expenses) from insurance contracts issued	(113,875)	139	(698,558)	(812,294)	329,518	7	192,586	8,816	530,927	(281,367)
Amounts recognised in profit or loss	24,517	185	291,239	315,941	329,518	7	194,522	8,950	532,997	848,938
Amounts recognised in other comprehensive income	(138,392)	(46)	(989,797)	(1,128,235)	-	-	(1,936)	(134)	(2,070)	(1,130,305)
Other changes recognised in profit or loss	-	-	-	-	-	-	-	-	-	-
Other changes recognised in other comprehensive income	(119,145)	40,501	1,370,560	1,291,916	-	-	-	-	-	1,291,916
Total changes in the statement of profit or loss and other comprehensive income	(9,834,603)	360,483	6,411,502	(3,062,618)	(29,227,513)	386,123	29,577,109	365,353	1,101,072	(1,961,546)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liability/asset for remaining coverage and the liability/asset for incurred claims (continued)

2022	Primary insurance contracts issued – property and casualty									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liability for remaining coverage			Liability for incurred claims	Liability for remaining coverage		Liability for incurred claims		Total	Total
	Non-loss components	Loss components	Estimates of the present value of future cash flows		Risk adjustment for non-financial risk					
Investment components	(28,592)	-	28,592	-	(2,654,262)	-	2,654,262	-	-	-
Premiums received	12,359,417	-	-	12,359,417	44,371,166	-	-	-	44,371,166	56,730,583
Insurance acquisition cash flows paid	(2,661,466)	-	-	(2,661,466)	(12,024,936)	-	-	-	(12,024,936)	(14,686,402)
Claims and other insurance service expenses paid, including investment components	-	-	(9,310,140)	(9,310,140)	-	-	(24,864,152)	-	(24,864,152)	(34,174,292)
Other cash flows	-	-	-	-	-	-	-	-	-	-
Total cash flows	9,697,951	-	(9,310,140)	387,811	32,346,230	-	(24,864,152)	-	7,482,078	7,869,889
Other changes	-	-	-	-	-	-	-	-	-	-
Net liabilities/assets of insurance contract at the end of the year	905,672	366,895	19,777,769	21,050,336	9,422,351	2,794,655	14,393,956	696,662	27,307,624	48,357,960
Insurance contract assets at the end of the year	-	-	-	-	-	-	-	-	-	-
Insurance contract liabilities at the end of the year	905,672	366,895	19,777,769	21,050,336	9,422,351	2,794,655	14,393,956	696,662	27,307,624	48,357,960

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA

	Reinsurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
2023						
Insurance contract liabilities at the beginning of the year	20,926,736	2,810,544	55,576	379,962	435,538	24,172,818
Insurance contract assets at the beginning of the year	(249,890)	(2,856)	131	336	467	(252,279)
Net liabilities/assets of insurance contracts at the beginning of the year	20,676,846	2,807,688	55,707	380,298	436,005	23,920,539
Amortisation of CSM	–	–	(169,811)	(1,703,812)	(1,873,623)	(1,873,623)
Changes in the risk adjustment for non-financial risk	–	(363,635)	–	–	–	(363,635)
Experience adjustments	(648,434)	–	–	–	–	(648,434)
Changes that relate to current services	(648,434)	(363,635)	(169,811)	(1,703,812)	(1,873,623)	(2,885,692)
Effect of insurance contracts initially recognised in the period	(2,210,045)	839,497	–	1,673,551	1,673,551	303,003
Changes in estimates that adjust the CSM	(345,599)	(27,468)	129,532	243,535	373,067	–
Changes in estimates that do not adjust the CSM	(15,995)	(7,508)	–	–	–	(23,503)
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	(2,571,639)	804,521	129,532	1,917,086	2,046,618	279,500

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Changes in fulfilment cash flows relating to the liability for incurred claims	(578,646)	(628,248)	–	–	–	(1,206,894)
Other changes that relate to past services	(28,374)	–	–	–	–	(28,374)
Changes that relate to past services	(607,020)	(628,248)	–	–	–	(1,235,268)
Insurance service result	(3,827,093)	(187,362)	(40,279)	213,274	172,995	(3,841,460)
Finance income/(expenses) from insurance contracts issued	1,079,076	127,127	1,330	69,655	70,985	1,277,188
Amounts recognised in profit or loss	749,309	96,898	1,330	69,655	70,985	917,192
Amounts recognised in other comprehensive income	329,767	30,229	–	–	–	359,996
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	184,002	24,207	209	7,047	7,256	215,465
Total changes in the statement of profit or loss and other comprehensive income	(2,564,015)	(36,028)	(38,740)	289,976	251,236	(2,348,807)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Premiums received	13,353,044	–	–	–	–	13,353,044
Insurance acquisition cash flows paid	(1,283,218)	–	–	–	–	(1,283,218)
Claims and other insurance service expenses paid, including investment components	(9,000,023)	–	–	–	–	(9,000,023)
Other cash flows	–	–	–	–	–	–
Total cash flows	3,069,803	–	–	–	–	3,069,803
Other changes	–	–	–	–	–	–
Net liabilities/assets of insurance contract at the end of the year	21,182,634	2,771,660	16,967	670,274	687,241	24,641,535
Insurance contract assets at the end of the year	(217,969)	(1,497)	218	39,249	39,467	(179,999)
Insurance contract liabilities at the end of the year	21,400,603	2,773,157	16,749	631,025	647,774	24,821,534

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – property and casualty						
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total CSM	Total
			Contracts under the fair value approach (FVA)	Other contracts			
2022							
Insurance contract liabilities at the beginning of the year	25,578,043	3,009,419	112,817	293,373	406,190	28,993,652	
Insurance contract assets at the beginning of the year	(168,806)	987	26,679	(26,589)	90	(167,729)	
Net liabilities/assets of insurance contracts at the beginning of the year	25,409,237	3,010,406	139,496	266,784	406,280	28,825,923	
Amortisation of CSM	–	–	(137,305)	(994,229)	(1,131,534)	(1,131,534)	
Changes in the risk adjustment for non-financial risk	–	(242,618)	–	–	–	(242,618)	
Experience adjustments	(443,273)	–	–	–	–	(443,273)	
Changes that relate to current services	(443,273)	(242,618)	(137,305)	(994,229)	(1,131,534)	(1,817,425)	
Effect of insurance contracts initially recognised in the period	(1,342,824)	729,527	–	1,047,160	1,047,160	433,863	
Changes in estimates that adjust the CSM	(28,685)	(8,000)	57,314	(20,629)	36,685	–	
Changes in estimates that do not adjust the CSM	76,961	4,359	–	–	–	81,320	
Other changes that relate to future services	–	–	–	–	–	–	
Changes that relate to future services	(1,294,548)	725,886	57,314	1,026,531	1,083,845	515,183	
Changes in fulfilment cash flows relating to the liability for incurred claims	(887,015)	(796,751)	–	–	–	(1,683,766)	
Other changes that relate to past services	(256,051)	–	–	–	–	(256,051)	
Changes that relate to past services	(1,143,066)	(796,751)	–	–	–	(1,939,817)	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
2022						
Insurance service result	(2,880,887)	(313,483)	(79,991)	32,302	(47,689)	(3,242,059)
Finance income/(expenses) from insurance contracts issued	96,204	12,315	(4,898)	44,713	39,815	148,334
Amounts recognised in profit or loss	947,794	106,119	(4,898)	44,713	39,815	1,093,728
Amounts recognised in other comprehensive income	(851,590)	(93,804)	–	–	–	(945,394)
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	589,231	98,450	1,100	36,499	37,599	725,280
Total changes in the statement of profit or loss and other comprehensive income	(2,195,452)	(202,718)	(83,789)	113,514	29,725	(2,368,445)
Premiums received	9,896,197	–	–	–	–	9,896,197
Insurance acquisition cash flows paid	(1,017,575)	–	–	–	–	(1,017,575)
Claims and other insurance service expenses paid, including investment components	(11,415,561)	–	–	–	–	(11,415,561)
Other cash flows	–	–	–	–	–	–
Total cash flows	(2,536,939)	–	–	–	–	(2,536,939)
Other changes	–	–	–	–	–	–
Net liabilities/assets of insurance contract at the end of the year	20,676,846	2,807,688	55,707	380,298	436,005	23,920,539
Insurance contract assets at the end of the year	(249,890)	(2,856)	131	336	467	(252,279)
Insurance contract liabilities at the end of the year	20,926,736	2,810,544	55,576	379,962	435,538	24,172,818

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Reinsurance contract assets at the beginning of the year	7,388,715	1,262,056	15,160	157,109	172,269	8,823,040
Reinsurance contract liabilities at the beginning of the year	(16,218)	371	–	–	–	(15,847)
Net assets/liabilities of reinsurance contracts at the beginning of the year	7,372,497	1,262,427	15,160	157,109	172,269	8,807,193
Amortisation of CSM	–	–	24,689	(983,665)	(958,976)	(958,976)
Changes in the risk adjustment for non-financial risk	–	(241,924)	–	–	–	(241,924)
Experience adjustments	(831,201)	–	–	–	–	(831,201)
Changes that relate to current services	(831,201)	(241,924)	24,689	(983,665)	(958,976)	(2,032,101)
Effect of reinsurance contract initially recognised in the period	(1,673,060)	339,257	–	1,333,803	1,333,803	–
Changes in estimates that adjust the CSM	365,319	14,042	(200,569)	(178,792)	(379,361)	–
Changes in estimates that do not adjust the CSM	(612)	178	–	–	–	(434)
Recognition and reversals of the loss-recovery component	–	–	191,880	556	192,436	192,436
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	(1,308,353)	353,477	(8,689)	1,155,567	1,146,878	192,002
Changes in fulfilment cash flows that relate to the asset for incurred claims	(94,266)	(263,985)	–	–	–	(358,251)
Other changes that relate to past services	(187,242)	–	–	–	–	(187,242)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – property and casualty						
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total CSM	Total
			Contracts under the fair value approach (FVA)	Other contracts			
2023							
Changes that relate to past services	(281,508)	(263,985)	–	–	–	(545,493)	
Changes in non-performance risk of reinsurers	1,956	–	–	–	–	1,956	
Net income/(expenses) from reinsurance contracts held	(2,419,106)	(152,432)	16,000	171,902	187,902	(2,383,636)	
Finance income/(expenses) from reinsurance contracts held	614,303	70,501	(270)	68,080	67,810	752,614	
Amounts recognised in profit or loss	292,772	45,505	715	68,080	68,795	407,072	
Amounts recognised in other comprehensive income	321,531	24,996	(985)	–	(985)	345,542	
Other changes recognised in profit or loss	–	–	–	–	–	–	
Other changes recognised in other comprehensive income	128,598	15,029	(501)	(7,533)	(8,034)	135,593	
Total changes in the statement of profit or loss and other comprehensive income	(1,676,205)	(66,902)	15,229	232,449	247,678	(1,495,429)	
Reinsurance premium paid	4,852,244	–	–	–	–	4,852,244	
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	(2,224,096)	–	–	–	–	(2,224,096)	
Other cash flows	–	–	–	–	–	–	
Total cash flows	2,628,148	–	–	–	–	2,628,148	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – property and casualty						
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM		
2023							
Other changes	–	–	–	–	–	–	
Net assets/liabilities of reinsurance contract at the end of the year	8,324,440	1,195,525	30,389	389,558	419,947	9,939,912	
Reinsurance contract assets at the end of the year	8,338,470	1,195,153	30,389	389,558	419,947	9,953,570	
Reinsurance contract liabilities at the end of the year	(14,030)	372	–	–	–	(13,658)	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

2022	Retrocession contracts held – property and casualty					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
Reinsurance contract assets at the beginning of the year	8,836,895	1,254,610	171,774	125,773	297,547	10,389,052
Reinsurance contract liabilities at the beginning of the year	(10,528)	2,539	13,403	(12,923)	480	(7,509)
Net assets/liabilities of reinsurance contracts at the beginning of the year	8,826,367	1,257,149	185,177	112,850	298,027	10,381,543
Amortisation of CSM	–	–	32,941	(327,183)	(294,242)	(294,242)
Changes in the risk adjustment for non-financial risk	–	(72,101)	–	–	–	(72,101)
Experience adjustments	(829,281)	–	–	–	–	(829,281)
Changes that relate to current services	(829,281)	(72,101)	32,941	(327,183)	(294,242)	(1,195,624)
Effect of reinsurance contract initially recognised in the period	(870,961)	323,113	21	547,827	547,848	–
Changes in estimates that adjust the CSM	474,379	52,366	(295,245)	(231,500)	(526,745)	–
Changes in estimates that do not adjust the CSM	(1,710)	(178)	–	–	–	(1,888)
Recognition and reversals of the loss-recovery component	–	–	106,992	20,013	127,005	127,005
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	(398,292)	375,301	(188,232)	336,340	148,108	125,117
Changes in fulfilment cash flows that relate to the asset for incurred claims	(557,433)	(283,233)	–	–	–	(840,666)
Other changes that relate to past services	(16,160)	–	–	–	–	(16,160)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

2022	Retrocession contracts held – property and casualty					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
Changes that relate to past services	(573,593)	(283,233)	–	–	–	(856,826)
Changes in non-performance risk of reinsurers	5,677	–	–	–	–	5,677
Net income/(expenses) from reinsurance contracts held	(1,795,489)	19,967	(155,291)	9,157	(146,134)	(1,921,656)
Finance income/(expenses) from reinsurance contract held	(600,166)	(190,924)	(2,018)	59,591	57,573	(733,517)
Amounts recognised in profit or loss	174,959	(113,951)	4,030	59,591	63,621	124,629
Amounts recognised in other comprehensive income	(775,125)	(76,973)	(6,048)	–	(6,048)	(858,146)
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	559,045	176,235	(12,708)	(24,489)	(37,197)	698,083
Total changes in the statement of profit or loss and other comprehensive income	(1,836,610)	5,278	(170,017)	44,259	(125,758)	(1,957,090)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – property and casualty						Total
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	CSM			
				Other contracts	Total CSM		
2022							
Reinsurance premium paid	3,573,578	–	–	–	–	3,573,578	
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	(3,190,838)	–	–	–	–	(3,190,838)	
Other cash flows	–	–	–	–	–	–	
Total cash flows	382,740	–	–	–	–	382,740	
Other changes	–	–	–	–	–	–	
Net assets/liabilities of reinsurance contract at the end of the year	7,372,497	1,262,427	15,160	157,109	172,269	8,807,193	
Reinsurance contract assets at the end of the year	7,388,715	1,262,056	15,160	157,109	172,269	8,823,040	
Reinsurance contract liabilities at the end of the year	(16,218)	371	–	–	–	(15,847)	

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – Life and health					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Insurance contract liabilities at the beginning of the year	110,098,066	5,481,655	3,339,279	5,737,288	9,076,567	124,656,288
Insurance contract assets at the beginning of the year	(453,679)	36,948	19,296	159,819	179,115	(237,616)
Net liabilities/assets of insurance contracts at the beginning of the year	109,644,387	5,518,603	3,358,575	5,897,107	9,255,682	124,418,672
Amortisation of CSM	–	–	(521,752)	(1,317,120)	(1,838,872)	(1,838,872)
Changes in the risk adjustment for non-financial risk	–	(578,190)	–	–	–	(578,190)
Experience adjustments	(12,235)	–	–	–	–	(12,235)
Changes that relate to current services	(12,235)	(578,190)	(521,752)	(1,317,120)	(1,838,872)	(2,429,297)
Effect of insurance contracts initially recognised in the period	543,134	630,444	–	1,309,467	1,309,467	2,483,045
Changes in estimates that adjust the CSM	559,754	(370,493)	320,544	(509,805)	(189,261)	–
Changes in estimates that do not adjust the CSM	491,921	(169,226)	–	–	–	322,695
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	1,594,809	90,725	320,544	799,662	1,120,206	2,805,740
Changes in fulfilment cash flows relating to the liability for incurred claims	(26,668)	(122,239)	–	–	–	(148,907)
Other changes that relate to past services	(45,917)	–	–	–	–	(45,917)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – Life and health						
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM		
2023							
Changes that relate to past services	(72,585)	(122,239)	–	–	–	(194,824)	
Insurance service result	1,509,989	(609,704)	(201,208)	(517,458)	(718,666)	181,619	
Finance income/(expenses) from insurance contracts issued	5,310,749	256,410	85,692	252,883	338,575	5,905,734	
Amounts recognised in profit or loss	2,932,141	129,805	85,692	252,883	338,575	3,400,521	
Amounts recognised in other comprehensive income	2,378,608	126,605	–	–	–	2,505,213	
Other changes recognised in profit or loss	–	–	–	–	–	–	
Other changes recognised in other comprehensive income	322,158	83	–	(25,017)	(25,017)	297,224	
Total changes in the statement of profit or loss and other comprehensive income	7,142,896	(353,211)	(115,516)	(289,592)	(405,108)	6,384,577	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – Life and health					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Premiums received	56,803,045	–	–	–	–	56,803,045
Insurance acquisition cash flows paid	(94,550)	–	–	–	–	(94,550)
Claims and other insurance service expenses paid, including investment components	(60,850,039)	–	–	–	–	(60,850,039)
Other cash flows	10,850,071	–	–	–	–	10,850,071
Total cash flows	6,708,527	–	–	–	–	6,708,527
Other changes	–	–	–	–	–	–
Net liabilities/assets of insurance contract at the end of the year	123,495,810	5,165,392	3,243,059	5,607,515	8,850,574	137,511,776
Insurance contract assets at the end of the year	(360,106)	(5,646)	–	75,637	75,637	(290,115)
Insurance contract liabilities at the end of the year	123,855,916	5,171,038	3,243,059	5,531,878	8,774,937	137,801,891

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – life and health					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
2022						
Insurance contract liabilities at the beginning of the year	108,994,020	5,366,944	3,559,677	6,593,345	10,153,022	124,513,986
Insurance contract assets at the beginning of the year	(695,400)	146,228	158,584	121,512	280,096	(269,076)
Net liabilities/assets of insurance contracts at the beginning of the year	108,298,620	5,513,172	3,718,261	6,714,857	10,433,118	124,244,910
Amortisation of CSM	–	–	(1,832,549)	(1,424,984)	(3,257,533)	(3,257,533)
Changes in the risk adjustment for non-financial risk	–	(665,847)	–	–	–	(665,847)
Experience adjustments	434,112	–	–	–	–	434,112
Changes that relate to current services	434,112	(665,847)	(1,832,549)	(1,424,984)	(3,257,533)	(3,489,268)
Effect of insurance contracts initially recognised in the period	385,428	614,582	–	1,855,240	1,855,240	2,855,250
Changes in estimates that adjust the CSM	3,582	108,212	1,430,272	(1,542,066)	(111,794)	–
Changes in estimates that do not adjust the CSM	563,074	(219,321)	–	–	–	343,753
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	952,084	503,473	1,430,272	313,174	1,743,446	3,199,003
Changes in fulfilment cash flows relating to the liability for incurred claims	88,835	(31,430)	–	–	–	57,405
Other changes that relate to past services	(674)	–	–	–	–	(674)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

2022	Reinsurance contracts issued – life and health					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
Changes that relate to past services	88,161	(31,430)	–	–	–	56,731
Insurance service result	1,474,357	(193,804)	(402,277)	(1,111,810)	(1,514,087)	(233,534)
Finance income/(expenses) from insurance contracts issued	1,975,652	198,593	42,591	293,717	336,308	2,510,553
Amounts recognised in profit or loss	3,331,834	129,872	42,591	293,717	336,308	3,798,014
Amounts recognised in other comprehensive income	(1,356,182)	68,721	–	–	–	(1,287,461)
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	1,580,640	642	–	343	343	1,581,625
Total changes in the statement of profit or loss and other comprehensive income	5,030,649	5,431	(359,686)	(817,750)	(1,177,436)	3,858,644

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Reinsurance contracts issued – life and health						
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)			CSM	
			Other contracts	Total CSM	Total		
2022							
Premiums received	75,290,784	–	–	–	–	75,290,784	
Insurance acquisition cash flows paid	(234,064)	–	–	–	–	(234,064)	
Claims and other insurance service expenses paid, including investment components	(65,819,457)	–	–	–	–	(65,819,457)	
Other cash flows	(12,922,145)	–	–	–	–	(12,922,145)	
Total cash flows	(3,684,882)	–	–	–	–	(3,684,882)	
Other changes	–	–	–	–	–	–	
Net liabilities/assets of insurance contract at the end of the year	109,644,387	5,518,603	3,358,575	5,897,107	9,255,682	124,418,672	
Insurance contract assets at the end of the year	(453,679)	36,948	19,296	159,819	179,115	(237,616)	
Insurance contract liabilities at the end of the year	110,098,066	5,481,655	3,339,279	5,737,288	9,076,567	124,656,288	

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – life and health					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Reinsurance contract assets at the beginning of the year	7,340,108	1,412,587	514,709	265,685	780,394	9,533,089
Reinsurance contract liabilities at the beginning of the year	(17,494)	3,282	–	274	274	(13,938)
Net assets/liabilities of reinsurance contracts at the beginning of the year	7,322,614	1,415,869	514,709	265,959	780,668	9,519,151
Amortisation of CSM	–	–	(93,499)	34,266	(59,233)	(59,233)
Changes in the risk adjustment for non-financial risk	–	(248,934)	–	–	–	(248,934)
Experience adjustments	(78,879)	–	–	–	–	(78,879)
Changes that relate to current services	(78,879)	(248,934)	(93,499)	34,266	(59,233)	(387,046)
Effect of reinsurance contract initially recognised in the period	4,307,719	85,367	–	(4,393,086)	(4,393,086)	–
Changes in estimates that adjust the CSM	(588,254)	26,367	162,536	399,351	561,887	–
Changes in estimates that do not adjust the CSM	588,699	21,669	–	–	–	610,368
Recognition and reversals of the loss-recovery component	–	–	(64,523)	606,469	541,946	541,946
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	4,308,164	133,403	98,013	(3,387,266)	(3,289,253)	1,152,314
Changes in fulfilment cash flows that relate to the asset for incurred claims	(205,810)	(11,033)	–	–	–	(216,843)
Other changes that relate to past services	346,962	–	–	–	–	346,962

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – life and health					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Changes that relate to past services	141,152	(11,033)	–	–	–	130,119
Changes in non-performance risk of reinsurers	(35)	–	–	–	–	(35)
Net income/(expenses) from reinsurance contracts held	4,370,402	(126,564)	4,514	(3,353,000)	(3,348,486)	895,352
Finance income/(expenses) from reinsurance contracts held	977,228	75,385	13,543	43,227	56,770	1,109,383
Amounts recognised in profit or loss	282,958	35,149	13,543	43,227	56,770	374,877
Amounts recognised in other comprehensive income	694,270	40,236	–	–	–	734,506
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	44,636	–	–	1,726	1,726	46,362
Total changes in the statement of profit or loss and other comprehensive income	5,392,266	(51,179)	18,057	(3,308,047)	(3,289,990)	2,051,097

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – life and health					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Reinsurance premium paid	4,949,930	–	–	–	–	4,949,930
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	(3,968,964)	–	–	–	–	(3,968,964)
Other cash flows	121,041	–	–	–	–	121,041
Total cash flows	1,102,007	–	–	–	–	1,102,007
Other changes	–	–	–	–	–	–
Net assets/liabilities of reinsurance contract at the end of the year	13,816,887	1,364,690	532,766	(3,042,088)	(2,509,322)	12,672,255
Reinsurance contract assets at the end of the year	13,843,343	1,361,497	532,766	(3,040,446)	(2,507,680)	12,697,160
Reinsurance contract liabilities at the end of the year	(26,456)	3,193	–	(1,642)	(1,642)	(24,905)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – life and health					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
2022						
Reinsurance contract assets at the beginning of the year	7,113,049	1,255,877	905,172	(176,199)	728,973	9,097,899
Reinsurance contract liabilities at the beginning of the year	206,100	118,635	6,024	(403,738)	(397,714)	(72,979)
Net assets/liabilities of reinsurance contracts at the beginning of the year	7,319,149	1,374,512	911,196	(579,937)	331,259	9,024,920
Amortisation of CSM	–	–	(86,144)	280,702	194,558	194,558
Changes in the risk adjustment for non-financial risk	–	(209,669)	–	–	–	(209,669)
Experience adjustments	(446,253)	–	–	–	–	(446,253)
Changes that relate to current services	(446,253)	(209,669)	(86,144)	280,702	194,558	(461,364)
Effect of reinsurance contract initially recognised in the period	(231,233)	104,902	–	126,331	126,331	–
Changes in estimates that adjust the CSM	(228,622)	63,764	(335,251)	500,109	164,858	–
Changes in estimates that do not adjust the CSM	601,988	33,432	–	–	–	635,420
Recognition and reversals of the loss-recovery component	–	–	–	(7,865)	(7,865)	(7,865)
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	142,133	202,098	(335,251)	618,575	283,324	627,555
Changes in fulfilment cash flows that relate to the asset for incurred claims	(373,496)	(5,661)	–	–	–	(379,157)
Other changes that relate to past services	1,119,168	–	–	–	–	1,119,168

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – life and health						Total
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total CSM	
			Contracts under the fair value approach (FVA)	Other contracts			
2022							
Changes that relate to past services	745,672	(5,661)	–	–	–	740,011	
Changes in non-performance risk of reinsurers	(119)	–	–	–	–	(119)	
Net income/(expenses) from reinsurance contracts held	441,433	(13,232)	(421,395)	899,277	477,882	906,083	
Finance income/(expenses) from reinsurance contract held	(45,830)	54,587	24,908	(67,968)	(43,060)	(34,303)	
Amounts recognised in profit or loss	(95,450)	33,902	24,908	(67,968)	(43,060)	(104,608)	
Amounts recognised in other comprehensive income	49,620	20,685	–	–	–	70,305	
Other changes recognised in profit or loss	–	–	–	–	–	–	
Other changes recognised in other comprehensive income	320,908	2	–	14,587	14,587	335,497	
Total changes in the statement of profit or loss and other comprehensive income	716,511	41,357	(396,487)	845,896	449,409	1,207,277	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Retrocession contracts held – life and health						Total
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	CSM			
				Other contracts	Total CSM		
2022							
Reinsurance premium paid	3,584,782	–	–	–	–	3,584,782	
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)	(4,274,798)	–	–	–	–	(4,274,798)	
Other cash flows	(23,030)	–	–	–	–	(23,030)	
Total cash flows	(713,046)	–	–	–	–	(713,046)	
Other changes	–	–	–	–	–	–	
Net assets/liabilities of reinsurance contract at the end of the year	7,322,614	1,415,869	514,709	265,959	780,668	9,519,151	
Reinsurance contract assets at the end of the year	7,340,108	1,412,587	514,709	265,685	780,394	9,533,089	
Reinsurance contract liabilities at the end of the year	(17,494)	3,282	–	274	274	(13,938)	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Primary insurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustments for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Insurance contract liabilities at the beginning of the year	17,510,932	2,422,520	182,389	934,497	1,116,886	21,050,338
Insurance contract assets at the beginning of the year	–	–	–	–	–	–
Net liabilities/assets of insurance contracts at the beginning of the year	17,510,932	2,422,520	182,389	934,497	1,116,886	21,050,338
Amortisation of CSM	–	–	(126,709)	(1,389,165)	(1,515,874)	(1,515,874)
Changes in the risk adjustment for non-financial risk	–	(276,865)	–	–	–	(276,865)
Experience adjustments	(1,242,501)	–	–	–	–	(1,242,501)
Changes that relate to current services	(1,242,501)	(276,865)	(126,709)	(1,389,165)	(1,515,874)	(3,035,240)
Effect of insurance contracts initially recognised in the period	(2,160,586)	689,819	–	1,471,064	1,471,064	297
Changes in estimates that adjust the CSM	(268,571)	(15,480)	120,475	163,576	284,051	–
Changes in estimates that do not adjust the CSM	217,068	22,944	–	–	–	240,012
Other changes that relate to future services	–	–	–	–	–	–
Changes that relate to future services	(2,212,089)	697,283	120,475	1,634,640	1,755,115	240,309
Changes in fulfilment cash flows relating to the liability for incurred claims	(778,389)	(544,566)	–	–	–	(1,322,955)
Other changes that relate to past services	(2,006)	–	–	–	–	(2,006)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Primary insurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustments for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Changes that relate to past services	(780,395)	(544,566)	–	–	–	(1,324,961)
Insurance service result	(4,234,985)	(124,148)	(6,234)	245,475	239,241	(4,119,892)
Finance income/(expenses) from insurance contracts issued	931,901	138,199	10,402	71,751	82,153	1,152,253
Amounts recognised in profit or loss	565,825	102,643	10,402	71,751	82,153	750,621
Amounts recognised in other comprehensive income	366,076	35,556	–	–	–	401,632
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	259,989	42,086	246	14,393	14,639	316,714
Total changes in the statement of profit or loss and other comprehensive income	(3,043,095)	56,137	4,414	331,619	336,033	(2,650,925)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Primary insurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	Present value of future cash flows	Risk adjustments for non-financial risk	CSM			Total
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
2023						
Premiums received	11,654,105	–	–	–	–	11,654,105
Insurance acquisition cash flows paid	(2,709,209)	–	–	–	–	(2,709,209)
Claims and other insurance service expenses paid, including investment components	(6,596,633)	–	–	–	–	(6,596,633)
Other cash flows	–	–	–	–	–	–
Total cash flows	2,348,263	–	–	–	–	2,348,263
Other changes	–	–	–	–	–	–
Net liabilities/assets of insurance contract at the end of the year	16,816,100	2,478,657	186,803	1,266,116	1,452,919	20,747,676
Insurance contract assets at the end of the year	(4,244)	22	–	–	–	(4,222)
Insurance contract liabilities at the end of the year	16,820,344	2,478,635	186,803	1,266,116	1,452,919	20,751,898

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Primary insurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	CSM					
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total
2022						
Insurance contract liabilities at the beginning of the year	19,947,903	2,589,575	652,691	534,973	1,187,664	23,725,142
Insurance contract assets at the beginning of the year	-	-	-	-	-	-
Net liabilities/assets of insurance contracts at the beginning of the year	19,947,903	2,589,575	652,691	534,973	1,187,664	23,725,142
Amortisation of CSM	-	-	(603,864)	(882,780)	(1,486,644)	(1,486,644)
Changes in the risk adjustment for non-financial risk	-	(234,403)	-	-	-	(234,403)
Experience adjustments	210,387	-	-	-	-	210,387
Changes that relate to current services	210,387	(234,403)	(603,864)	(882,780)	(1,486,644)	(1,510,660)
Effect of insurance contracts initially recognised in the period	(1,898,106)	630,584	-	1,268,211	1,268,211	689
Changes in estimates that adjust the CSM	(85,192)	(27,247)	154,213	(41,774)	112,439	-
Changes in estimates that do not adjust the CSM	308,373	13,392	-	-	-	321,765
Other changes that relate to future services	-	-	-	-	-	-
Changes that relate to future services	(1,674,925)	616,729	154,213	1,226,437	1,380,650	322,454
Changes in fulfilment cash flows relating to the liability for incurred claims	(1,735,848)	(620,924)	-	-	-	(2,356,772)
Other changes that relate to past services	2,740	-	-	-	-	2,740

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

2022	Primary insurance contracts issued – property and casualty					
	Contracts not measured under the PAA					
	CSM					Total
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)	Other contracts	Total CSM	
Changes that relate to past services	(1,733,108)	(620,924)	–	–	–	(2,354,032)
Insurance service result	(3,197,646)	(238,598)	(449,651)	343,657	(105,994)	(3,542,238)
Finance income/(expenses) from insurance contracts issued	(603,949)	(90,455)	(84,217)	(33,673)	(117,890)	(812,294)
Amounts recognised in profit or loss	414,820	19,011	(84,217)	(33,673)	(117,890)	315,941
Amounts recognised in other comprehensive income	(1,018,769)	(109,466)	–	–	–	(1,128,235)
Other changes recognised in profit or loss	–	–	–	–	–	–
Other changes recognised in other comprehensive income	976,813	161,998	63,566	89,540	153,106	1,291,917
Total changes in the statement of profit or loss and other comprehensive income	(2,824,782)	(167,055)	(470,302)	399,524	(70,778)	(3,062,615)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(2) Analysis of the measurement components of insurance contracts not measured under the PAA (continued)

	Primary insurance contracts issued – property and casualty						
	Contracts not measured under the PAA						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach (FVA)			CSM	
			Contracts under the fair value approach (FVA)	Other contracts	Total CSM	Total	
2022							
Premiums received	12,359,417	–	–	–	–	–	12,359,417
Insurance acquisition cash flows paid	(2,661,466)	–	–	–	–	–	(2,661,466)
Claims and other insurance service expenses paid, including investment components	(9,310,140)	–	–	–	–	–	(9,310,140)
Other cash flows	–	–	–	–	–	–	–
Total cash flows	387,811	–	–	–	–	–	387,811
Other changes	–	–	–	–	–	–	–
Net liabilities/assets of insurance contract at the end of the year	17,510,932	2,422,520	182,389	934,497	1,116,886	21,050,338	
Insurance contract assets at the end of the year	–	–	–	–	–	–	–
Insurance contract liabilities at the end of the year	17,510,932	2,422,520	182,389	934,497	1,116,886	21,050,338	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(3) Effect of contracts initially recognised in the year

The following table summarises the effect of the initial recognition of contracts not measured under the PAA on the measurement components of insurance contracts issued and reinsurance contracts held at initial recognition.

Insurance contracts issued

	Reinsurance contracts issued – property and casualty				Total
	Profitable contracts	Onerous contracts	Profitable contracts from Consolidation and Contract Assignment	Onerous contracts from Consolidation and Contract Assignment	
2023					
Estimates of present value (“PV”) of future cash outflows – Insurance acquisition cash flows	1,053,199	150,390	–	–	1,203,589
Estimates of PV of future cash outflows – Other	4,617,298	2,451,456	–	–	7,068,754
Estimates of PV of future cash outflows – Subtotal	5,670,497	2,601,846	–	–	8,272,343
Estimates of PV of future cash inflows	(7,883,001)	(2,599,386)	–	–	(10,482,387)
Risk adjustment for non-financial risk	538,953	300,546	–	–	839,499
CSM	1,673,551	–	–	–	1,673,551
Effect of contracts initially recognised in the year	–	303,006	–	–	303,006

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(3) Effect of contracts initially recognised in the year (continued)

Insurance contracts issued (continued)

	Reinsurance contracts issued – property and casualty				Total
	Profitable contracts	Onerous contracts	Profitable contracts from Consolidation and Contract Assignment	Onerous contracts from Consolidation and Contract Assignment	
2022					
Estimates of PV of future cash outflows – Insurance acquisition cash flows	812,639	144,004	–	–	956,643
Estimates of PV of future cash outflows – Other	3,750,858	2,465,504	–	–	6,216,362
Estimates of PV of future cash outflows – Subtotal	4,563,497	2,609,508	–	–	7,173,005
Estimates of PV of future cash inflows	(6,060,008)	(2,455,820)	–	–	(8,515,828)
Risk adjustment for non-financial risk	449,351	280,174	–	–	729,525
CSM	1,047,160	–	–	–	1,047,160
Effect of contracts initially recognised in the year	–	433,862	–	–	433,862

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(3) Effect of contracts initially recognised in the year (continued)

Reinsurance contracts held

2023	Retrocession contracts held – Property and casualty				
	Net gain	Net cost	Net gain contracts from Consolidation and Contract Assignment	Net cost contracts from Consolidation and Contract Assignment	Total
Estimates of PV of future cash inflows	131,412	2,570,516	–	–	2,701,928
Estimates of PV of future cash outflows	(57,931)	(4,317,057)	–	–	(4,374,988)
Risk adjustment for non-financial risk	19,492	319,765	–	–	339,257
CSM	(92,973)	1,426,776	–	–	1,333,803
Effect of contracts initially recognised in the year	–	–	–	–	–

2022	Retrocession contracts held – property and casualty				
	Net gain	Net cost	Net gain contracts from Consolidation and Contract Assignment	Net cost contracts from Consolidation and Contract Assignment	Total
Estimates of PV of future cash inflows	141,993	2,437,453	–	–	2,579,446
Estimates of PV of future cash outflows	(59,844)	(3,390,563)	–	–	(3,450,407)
Risk adjustment for non-financial risk	20,390	302,722	–	–	323,112
CSM	(102,539)	650,388	–	–	547,849
Effect of contracts initially recognised in the year	–	–	–	–	–

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(3) Effect of contracts initially recognised in the year (continued)

Insurance contracts issued

	Reinsurance contracts issued – life and health				Total
	Profitable contracts	Onerous contracts	Profitable contracts from Consolidation and Contract Assignment	Onerous contracts from Consolidation and Contract Assignment	
2023					
Estimates of PV of future cash outflows – Insurance acquisition cash flows	41,845	36,436	–	–	78,281
Estimates of PV of future cash outflows – Other	11,253,782	45,064,362	–	–	56,318,144
Estimates of PV of future cash outflows – Subtotal	11,295,627	45,100,798	–	–	56,396,425
Estimates of PV of future cash inflows	(12,836,171)	(43,017,120)	–	–	(55,853,291)
Risk adjustment for non-financial risk	231,077	399,366	–	–	630,443
CSM	1,309,467	–	–	–	1,309,467
Effect of contracts initially recognised in the year	–	2,483,044	–	–	2,483,044

	Reinsurance contracts issued – life and health				Total
	Profitable contracts	Onerous contracts	Profitable contracts from Consolidation and Contract Assignment	Onerous contracts from Consolidation and Contract Assignment	
2022					
Estimates of PV of future cash outflows – Insurance acquisition cash flows	32,009	23,879	–	–	55,888
Estimates of PV of future cash outflows – Other	24,932,055	26,401,364	–	–	51,333,419
Estimates of PV of future cash outflows – Subtotal	24,964,064	26,425,243	–	–	51,389,307
Estimates of PV of future cash inflows	(27,070,195)	(23,933,684)	–	–	(51,003,879)
Risk adjustment for non-financial risk	250,891	363,692	–	–	614,583
CSM	1,855,240	–	–	–	1,855,240
Effect of contracts initially recognised in the year	–	2,855,251	–	–	2,855,251

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(3) Effect of contracts initially recognised in the year (continued)

Reinsurance contracts held

2023	Retrocession contracts held – life and health				
	Net gain	Net cost	Net gain contracts from Consolidation and Contract Assignment	Net cost contracts from Consolidation and Contract Assignment	Total
Estimates of PV of future cash inflows	31,073,535	640,586	–	–	31,714,121
Estimates of PV of future cash outflows	(26,711,248)	(695,154)	–	–	(27,406,402)
Risk adjustment for non-financial risk	81,644	3,723	–	–	85,367
CSM	(4,443,931)	50,845	–	–	(4,393,086)
Effect of contracts initially recognised in the year	–	–	–	–	–

2022	Retrocession contracts held life and health				
	Net gain	Net cost	Net gain contracts from Consolidation and Contract Assignment	Net loss contracts from Consolidation and Contract Assignment	Total
Estimates of PV of future cash inflows	3,767,666	4,491,499	–	–	8,259,165
Estimates of PV of future cash outflows	(3,032,537)	(5,457,861)	–	–	(8,490,398)
Risk adjustment for non-financial risk	41,968	62,935	–	–	104,903
CSM	(777,097)	903,427	–	–	126,330
Effect of contracts initially recognised in the year	–	–	–	–	–

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

(3) Effect of contracts initially recognised in the year (continued)

Insurance contracts issued

	Primary insurance contracts issued – property and casualty				
	Profitable contracts	Onerous contracts	Profitable contracts from Consolidation and Contract Assignment	Onerous contracts from Consolidation and Contract Assignment	
2023					
Estimates of PV of future cash outflows – Insurance acquisition cash flows	2,718,481	615	–	–	2,719,096
Estimates of PV of future cash outflows – Other	5,935,163	250	–	–	5,935,413
Estimates of PV of future cash outflows – Subtotal	8,653,644	865	–	–	8,654,509
Estimates of PV of future cash inflows	(10,814,504)	(592)	–	–	(10,815,096)
Risk adjustment for non-financial risk	689,796	22	–	–	689,818
CSM	1,471,064	–	–	–	1,471,064
Effect of contracts initially recognised in the year	–	295	–	–	295

	Primary insurance contracts issued – property and casualty				Total
	Profitable contracts	Onerous contracts	Profitable contracts from Consolidation and Contract Assignment	Onerous contracts from Consolidation and Contract Assignment	
2022					
Estimates of PV of future cash outflows – Insurance acquisition cash flows	2,503,959	1,353	–	–	2,505,312
Estimates of PV of future cash outflows – Other	5,442,758	726	–	–	5,443,484
Estimates of PV of future cash outflows – Subtotal	7,946,717	2,079	–	–	7,948,796
Estimates of PV of future cash inflows	(9,845,454)	(1,449)	–	–	(9,846,903)
Risk adjustment for non-financial risk	630,526	59	–	–	630,585
CSM	1,268,211	–	–	–	1,268,211
Effect of contracts initially recognised in the year	–	689	–	–	689

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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28 CONTRACTUAL SERVICE MARGIN (CSM)

Insurance contracts issued

31 December 2023	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Total
Within 1 year	627,427	1,469,799	904,746	3,001,972
1 to 3 years	37,042	1,560,336	174,189	1,771,567
3 to 5 years	12,475	823,053	115,361	950,889
5 to 10 years	9,425	1,614,776	182,591	1,806,792
Over 10 years	872	3,382,610	76,032	3,459,514
Total	687,241	8,850,574	1,452,919	10,990,734

31 December 2022	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Total
Within 1 year	359,282	1,345,454	728,707	2,433,443
1 to 3 years	42,310	1,729,388	134,062	1,905,760
3 to 5 years	19,600	979,441	80,810	1,079,851
5 to 10 years	13,490	1,615,435	117,091	1,746,016
Over 10 years	1,323	3,585,964	56,216	3,643,503
Total	436,005	9,255,682	1,116,886	10,808,573

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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28 CONTRACTUAL SERVICE MARGIN (CSM) (continued)

Reinsurance contracts held

	Property and casualty retrocession	Life and health retrocession	Total
31 December 2023			
Within 1 year	(316,036)	(1,669)	(317,705)
1 to 3 years	(60,112)	(41,065)	(101,177)
3 to 5 years	(26,476)	181,117	154,641
5 to 10 years	(15,232)	653,489	638,257
Over 10 years	(2,091)	1,717,450	1,715,359
Total	(419,947)	2,509,322	2,089,375
	Property and casualty retrocession	Life and health retrocession	Total
31 December 2022			
Within 1 year	(113,557)	21,467	(92,090)
1 to 3 years	(34,339)	(73,287)	(107,626)
3 to 5 years	(14,025)	(119,165)	(133,190)
5 to 10 years	(8,649)	(201,826)	(210,475)
Over 10 years	(1,699)	(407,857)	(409,556)
Total	(172,269)	(780,668)	(952,937)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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29 TIME DEPOSIT

	31 December 2023	31 December 2022
Within 3 months (inclusive)	240,797	3,145,152
3 months to 1 year (inclusive)	6,120,405	668,602
1 to 2 years (inclusive)	9,861,951	6,000,000
2 to 3 years (inclusive)	4,660,515	8,983,371
3 to 4 years (inclusive)	–	3,000,000
4 to 5 years (inclusive)	5,759,574	–
Interest receivable	1,129,821	759,083
Subtotal	27,773,063	22,556,208
Less: Impairment provision	(14,459)	–
Net book value	27,758,604	22,556,208

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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30 SCOPE OF CONSOLIDATION

(a) Particulars of the Company's primary subsidiaries as at 31 December 2023 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 USD700,000,000	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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

30 SCOPE OF CONSOLIDATION (continued)

(a) Particulars of the Company's primary subsidiaries as at 31 December 2023 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 2023, all the Company's primary subsidiaries registered in the Chinese mainland are companies with limited liabilities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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30 SCOPE OF CONSOLIDATION (continued)

(b) As at 31 December 2023, the Company consolidated the following structured entities:

Name	Paid-in capital	Attributable equity interests	Principal activities
China Re Ruiqi Asset Management Product	RMB335,869,169	100.00%	Investment in debt/debt investment plan
China Re Ruiqi 2nd Asset Management Product	RMB2,848,998	100.00%	Investment in debt
China Re Ruiqi 3rd Asset Management Product	RMB1,100,616,077	100.00%	Investment in debt/equity
China Re Ruiqi 5th Asset Management Product	RMB379,776,313	67.00%	Investment in debt
China Re Ruiqi 6th Asset Management Product	RMB1,031,381,900	100.00%	Investment in debt/equity
China Re Ruiqi 7th Asset Management Product	RMB536,572,343	94.38%	Investment in debt/equity
China Re Ruiqi 9th Asset Management Product	RMB439,832,897	100.00%	Investment in debt/equity
China Re Ruiqi 10th Asset Management Product	RMB361,657,557	100.00%	Investment in debt/equity
China Re Ruiqi 11th Asset Management Product	RMB434,065,773	100.00%	Investment in debt/equity
China Re Ruiqi 12th Asset Management Product	RMB494,558,417	100.00%	Investment in debt/equity
China Re Ruitong 1st Asset Management Product	RMB293,819,109	100.00%	Investment in debt/equity
China Re Hong Kong Stock Connect Program	RMB498,000,250	100.00%	Investment in equity
China Re Industry Prosperity and Hedge Asset Management Product	RMB457,000,250	100.00%	Investment in equity
China Re Value Growth Asset Management Product	RMB546,000,250	100.00%	Investment in equity
China Re Healthy Life Asset Management Product	RMB487,000,250	100.00%	Investment in debt/equity
China Re Ruicheng 2nd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

30 SCOPE OF CONSOLIDATION (continued)

(b) As at 31 December 2023, the Company consolidated the following structured entities: (continued)

Name	Paid-in capital	Attributable equity interests	Principal activities
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	RMB1,637,674,938	94.64%	Investment in debt/equity
China Re Ruicheng 7th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 10th Asset Management Product	RMB1,890,019	100.00%	Investment in debt/equity
China Re Wengying 1st Asset Management Product	RMB210,500,030	100.00%	Investment in debt/equity
China Re FOF Active configuration 1st Asset Management Product	RMB326,000,050	100.00%	Investment in debt/equity
China Re FOF Flexible configuration 1st Asset Management Product	RMB311,500,025	100.00%	Investment in debt/equity
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 Peace of mind income 3rd Asset Management Product	RMB3,300,005	100.00%	Investment in debt
China Re Infrastructure Construction REITs Asset Management Product	RMB1,263,864,335	88.97%	Investment in debt

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30 SCOPE OF CONSOLIDATION (continued)

(b) As at 31 December 2023, the Company consolidated the following structured entities: (continued)

Name	Paid-in capital	Attributable equity interests	Principal activities
China Re Medium and Long-term Interest Rate Bond Closed-end Insurance Asset Management Product	RMB310,000,000	100.00%	Investment in debt
China Re Long-term Selection Asset Management Product	RMB40,400,000	100.00%	Investment in debt/equity
China Re Credit Selection 6th Insurance Asset Management Product	RMB276,000,000	100.00%	Investment in debt
China Re Credit Selection 7th Insurance Asset Management Product	RMB218,000,000	100.00%	Investment in debt
China Re Zhongzai Alternative Equity Fund	RMB726,218,492	100.00%	Investment in equity
China Re Bairong Shimao Mall Debt Investment Plans	RMB7,460,000,000	91.11%	Investment in loans
China Re Subway Sixteen Equity Investment Plans	RMB7,000,000,000	65.00%	Investment in loans
China Re Fangzheng Hangzhou Real Estate Debt Investment Plans	RMB151,012,570	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Hongdao Trust Investment Plans	RMB145,323,211	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Xining Trust Investment Plans	RMB152,082,792	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Tongtian Trust Investment Plans	RMB156,468,863	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Guangde Trust Investment Plans	RMB171,987,892	100.00%	Investment in loans

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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31 STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

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.

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 20% of its issued share capital as restricted statutory deposits, respectively.

Details of the Group's statutory deposits are as follows:

	31 December 2023	31 December 2022
The Company	9,821,318	10,021,318
China Re P&C	3,000,000	3,400,000
China Re Life	2,600,000	4,500,000
China Continent Insurance	3,096,157	3,076,179
Interest receivable	387,318	589,701
Gross carrying amount	18,904,793	21,587,198
Less: Impairment provision	(15,030)	–
Amortised costs	18,889,763	21,587,198

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

32 INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at 1 January 2022	6,863,956
Additions during the year	–
Transfers from fixed assets	1,179
Balance at 31 December 2022	6,865,135
Additions during the year	–
Transfers from fixed assets	–
Balance at 31 December 2023	6,865,135
Less: Accumulated depreciation	
Balance at 1 January 2022	(605,995)
Charge for the year	(219,889)
Transfers from fixed assets	(386)
Disposal/Transfer during the year	–
Balance at 31 December 2022	(826,270)
Charge for the year	(219,902)
Transfers from fixed assets	–
Balance at 31 December 2023	(1,046,172)
Carrying amount	
Balance at 31 December 2023	5,818,963
Balance at 31 December 2022	6,038,865

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 2023, the fair value of investment properties was RMB7,362 million (31 December 2022: RMB7,469 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(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
Cost							
Balance at 1 January 2022	4,512,923	98,957	299,343	1,087,473	9,168	547,008	6,554,872
Additions during the year	(7,669)	3,435	12,887	97,311	14,414	85,963	206,341
Transfer from/(to) construction in progress	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)
Balance at 31 December 2022	4,507,532	99,510	298,946	1,172,789	7,845	632,971	6,719,593
Additions during the year	–	2,567	8,118	90,968	35,620	29,979	167,252
Transfer from/(to) construction in progress	24,481	–	–	369	(24,850)	–	–
Transfers to investment properties	–	–	–	–	–	–	–
Disposals during the year	–	(5,331)	(19,560)	(128,392)	(5,200)	–	(158,483)
Balance at 31 December 2023	4,532,013	96,746	287,504	1,135,734	13,415	662,950	6,728,362
Less: Accumulated depreciation							
Balance at 1 January 2022	(1,063,585)	(68,472)	(218,471)	(736,042)	–	(440,924)	(2,527,494)
Charge for the year	(144,826)	(8,988)	(22,171)	(109,165)	–	(70,251)	(355,401)
Disposals during the year	–	2,597	12,686	24,148	–	–	39,431
Transfers to investment properties	386	–	–	–	–	–	386
Balance at 31 December 2022	(1,208,025)	(74,863)	(227,956)	(821,059)	–	(511,175)	(2,843,078)
Charge for the year	(146,745)	(7,797)	(18,963)	(126,470)	–	(59,526)	(359,501)
Transfers to investment properties	–	–	–	–	–	–	–
Disposals during the year	–	4,888	18,714	121,053	–	(173)	144,482
Balance at 31 December 2023	(1,354,770)	(77,772)	(228,205)	(826,476)	–	(570,874)	(3,058,097)
Carrying amount							
Balance at 31 December 2023	3,177,243	18,974	59,299	309,258	13,415	92,076	3,670,265
Balance at 31 December 2022	3,299,507	24,647	70,990	351,730	7,845	121,796	3,876,515

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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33 PROPERTY AND EQUIPMENT (continued)

As at 31 December 2023, the Group was in the process of completing the ownership documentation of certain buildings with a net carrying amount of RMB15 million (31 December 2022: RMB30 million). The management are of the opinion that the Group is entitled to legally and effectively occupy or use the above-mentioned buildings.

34 LEASES

	2023	2022
Right-of-use assets		
Premises	902,171	1,069,921
Equipment	1,054	1,265
Vehicles	7,327	4,858
Others	11,809	13,552
Total	922,361	1,089,596
Lease liabilities	861,815	1,027,728
	2023	2022
Additions to right-of-use assets		
Premises	298,232	351,400
Equipment	257	23
Vehicles	6,091	4,279
Others	1,103	1,682
Total	305,683	357,384

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

34 LEASES (continued)

Amounts recognised in the statement of profit or loss

	2023	2022
Depreciation charge of right-of-use assets		
Premises	423,411	437,447
Equipment	468	457
Vehicles	3,611	1,776
Others	1,869	3,329
Total	429,359	443,009
Interest expense on lease liabilities	24,512	31,936
Expense relating to leases of low-value assets and short-term leases applied the simplified approach	174,738	117,996
Total cash outflow for lease	550,819	567,581

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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35 INTANGIBLE ASSETS

	Syndicate capacity	Distribution channel	Trademark	Software	Total
Cost					
Balance at 1 January 2022	867,927	559,697	14,027	1,682,551	3,124,202
Additions during the year and exchanges differences	80,167	51,697	1,295	281,810	414,969
Disposals during the year	–	–	–	(7,057)	(7,057)
Balance at 31 December 2022	948,094	611,394	15,322	1,957,304	3,532,114
Additions during the year and exchanges differences	16,077	10,368	260	244,206	270,911
Disposals during the year	–	–	–	(13,576)	(13,576)
Balance at 31 December 2023	964,171	621,762	15,582	2,187,934	3,789,449
Less: Accumulated amortisation					
Balance at 1 January 2022	–	(127,378)	(2,367)	(784,865)	(914,610)
Charge for the year	–	(58,147)	(1,159)	(206,250)	(265,556)
Disposals for the year	–	–	–	1,716	1,716
Balance at 31 December 2022	–	(185,525)	(3,526)	(989,399)	(1,178,450)
Charge for the year	–	(50,314)	(1,016)	(245,530)	(296,860)
Disposals for the year	–	–	–	59	59
Balance at 31 December 2023	–	(235,839)	(4,542)	(1,234,870)	(1,475,251)
Carrying amount					
Balance at 31 December 2023	964,171	385,923	11,040	953,064	2,314,198
Balance at 31 December 2022	948,094	425,869	11,796	967,905	2,353,664

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). The recoverable amount of CGU is determined using the VIU calculation method. For details, please refer to Note 37.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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36 INVESTMENTS IN ASSOCIATES

	31 December 2023	31 December 2022
Carrying amount before impairment		
– Listed shares	20,886,609	20,138,455
– Unlisted shares	2,637,258	2,501,077
Total	23,523,867	22,639,532
Less: Impairment provision	–	–
Carrying amount	23,523,867	22,639,532
	2023	2022
At 1 January	22,639,532	25,583,536
Change of the cost	–	(45,950)
Share of profit or loss (i)	1,959,788	(589,649)
Impairment (i)	–	(871,954)
Lose of significant influence (i)	–	(718,435)
Dividends received or receivable	(567,011)	(552,827)
Share of other comprehensive income	137,792	(163,792)
Share of other equity movements	10,293	(1,397)
Dilution loss	(656,527)	–
At 31 December	23,523,867	22,639,532

- (i) In 2022, due to the operating losses of some associates, the equity investment held by the Group suffered a large loss. Within 2022, the Group lost significant influence over the associates, as a result the investment in associates was derecognised and a financial asset was recognised at its then fair value. An impairment loss was also recognised immediately before the derecognition of the associates. The Group engaged a third-party appraisal valuer to estimate the fair value of the financial asset at the conversion date.

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36 INVESTMENTS IN ASSOCIATES (continued)

(a) Particulars of the Group's major associates are as follows (continued)

Management used a number of key assumptions in our VIU calculation:

	31 December 2023	31 December 2022
Discount rate	11.0%	11.0%
Sustainable growth rate	2.0%	2.0%
Capital adequacy ratio	11.5%	11.5%

The following table sets out the key financial statements of the Group's major associates adjusted for fair value adjustments at the time of acquisition and the differences in adopting accounting policies of the Group.

	CEB (in RMB millions)	
	2023	2022
Gross amounts of the associate		
Operating income	145,685	151,632
Profit before tax	49,757	55,966
Net profit (i)	40,792	44,807
Other comprehensive income (i)	2,835	(3,742)
Total comprehensive income (i)	43,627	41,065
Total assets	6,771,515	6,299,229
Total liabilities	6,218,011	5,790,497
Net assets attributable to ordinary shareholders	446,211	397,540
Non-controlling interests	2,394	2,130
Reconciled to the Group's interests in the associate and share of net assets of the associate		
Net assets attributable to ordinary shareholders	446,211	397,540
The Group's effective interest	3.93%	4.29%
The Group's share of net assets of the associate	17,524	17,077
Carrying amount in the financial statements	17,524	17,077
Dividends received from the associate for the year	441	466

(i) Amount attributable to shareholders of the associate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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36 INVESTMENTS IN ASSOCIATES (continued)

- (b) Particulars of other associates accounted for using the equity method are summarised as follows:

	2023	2022
Aggregate carrying amount of investments	5,999,477	5,562,879
Aggregate amount of share of:		
– Net profits	521,459	(2,306,363)
– Other comprehensive income	31,077	(3,720)
– Change in capital reserve	10,293	(1,397)
Total	562,829	(2,311,480)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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37 GOODWILL

	31 December 2023	31 December 2022
Cost		
– China Re P&C	650,529	650,529
– China Re Life	463,630	463,630
– China Continent Insurance	74,379	74,379
– CRIH	429,806	422,640
– CRAH	20,754	20,408
– CIC	3,424	3,366
Total	1,642,522	1,634,952
Less: Impairment provision	–	–
Net book value	1,642,522	1,634,952

When assessing the impairment of goodwill and the intangible asset of Syndicate capacity with indefinite life, the Group determines the recoverable amount of the major asset groups and asset groups by using the VIU and fair value of the asset groups less disposal costs. VIU has been used to conduct the goodwill impairment test for the Syndicate capacity, China Re P&C, China Continent Insurance, CRIH and CIC. The Group conducts goodwill impairment test on the fair value of the asset groups of China Re Life less disposal costs. 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:

	2023	2022
Discount rate	10.0%-12.0%	10.0%-12.0%
Investment yield	3.0%-4.9%	4.5%-6.0%
Sustainable growth rate	1.5%-2.0%	1.5%-2.0%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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38 OTHER ASSETS

	31 December 2023	31 December 2022
Interest receivable	318,505	360,123
Overseas deposits	1,169,335	1,327,928
Subscription prepayment for securities and securities clearance receivable	1,843,237	958,981
Tax prepaid	743,105	698,082
Dividends receivable	2,615	5,051
Receivables from co-insurers	234,035	175,471
Deferred expenses	28,913	47,415
Prepayment	40,220	6,741
Guarantee deposits	521,767	573,226
Insurance business related advanced VAT	944,804	999,284
Others	1,603,037	1,037,967
Total	7,449,573	6,190,269
Less: Impairment provision	(596,248)	(592,835)
Net book value	6,853,325	5,597,434

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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39 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	2023	2022
Financial assets sold under repurchase agreements		
– Stock exchange	43,652,485	36,459,604
– Inter-bank market	16,530,919	14,491,108
Interest receivable	125,366	51,374
Total	60,308,770	51,002,086

As at 31 December 2023, bonds with a carrying amount of RMB18,017 million (as at 31 December 2022: RMB16,812 million) were pledged as collateral for financial assets sold under repurchase agreements 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 2023, the carrying amount of securities deposited in the collateral pool was RMB60,095 million (as at 31 December 2022: RMB52,129 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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40 NOTES AND BONDS PAYABLE

	31 December 2023	31 December 2022
Bonds payable	13,152,917	13,105,985
Total	13,152,917	13,105,985

The following table indicates the balances of supplementary capital bonds issued by the Group as at 31 December 2023:

Issuer	Type	Face value	Coupon rate	Issue year	Maturity
China Re Life	Supplementary capital bonds	5,000 (in RMB millions)	First 5 years: 3.24% Next 5 years: 4.24% (if not redeemed)	2023	2033
China Re P&C	Supplementary capital bonds	4,000 (in RMB millions)	First 5 years: 4.40% Next 5 years: 5.40% (if not redeemed)	2020	2030
China Re P&C	Supplementary capital bonds	4,000 (in RMB millions)	First 5 years: 3.45% Next 5 years: 4.45% (if not redeemed)	2023	2033

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41 BANK BORROWINGS

	31 December 2023	31 December 2022
Bank borrowings	1,416,540	3,826,334
Total	1,416,540	3,826,334

As at 31 December 2023, the Group held bank borrowings of USD200 million (31 December 2022: USD550 million) with a coupon rate of Term SOFR+0.85% and a maturity date of 28 December 2024.

42 OTHER LIABILITIES

	31 December 2023	31 December 2022 (Restated)
Payables to third party investors of consolidated structured entities	3,272,022	3,274,882
Salaries and welfare payable	2,715,959	2,408,786
Unallocated cash	816,622	801,717
Payables for acquisition of property and equipment	315,316	176,340
Taxes payable	542,136	308,366
Securities clearance payable	163,296	1,839,852
Withholding vehicle and vessel use tax	339,340	309,730
Defined benefit plan (a)	194,694	171,436
Payable to the insurance guarantee fund	80,856	106,456
Premiums received in advance	497,392	600,304
Others	3,264,295	3,275,240
Total	12,201,928	13,273,109

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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42 OTHER LIABILITIES (continued)

(a) Post-employment benefits – Defined benefit plan

The Group offers the following two defined benefit plans as post-employment benefits 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.

1) The amounts of defined benefit plan obligations recognised in the financial statements and their changes are as follows:

	2023	2022
At the beginning of the year	171,436	82,929
Defined benefit cost recognised in profit or loss for the current period		
– Net interest	6,235	4,384
Effects of exchange rate	3,001	(5,414)
Defined benefit cost recognised in other comprehensive income		
– Actuarial (gains)/losses	19,609	94,988
Prepaid benefits	(5,587)	(5,451)
At the end of the year	194,694	171,436

2) Actuarial assumptions and sensitivity analysis

	2023	2022
Discount rate	2.75%	3.00%
Mortality rate	Note (1)	Note (1)
Expected average life	88	88
Annual growth rate of pension benefits	4.00%	4.00%
Annual growth rate of medical allowances	7.00%	7.00%

Note (1) The mortality rate used in 2023 was determined based on the China Life Insurance Mortality Table-CL5/CL6 (2010 – 2013) issued by the former CIRC in 2016 (2022: same).

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42 OTHER LIABILITIES (continued)

(a) Post-employment benefits – Defined benefit plan (continued)

Chaucer defined benefit pension retirement plan

Chaucer provides defined benefit pension retirement plan to certain of its employees. The defined benefit pension retirement plan provides employees 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 plan. As at 31 December 2001, the defined benefit pension plan was closed to new members, and starting from 31 December 2016, the plan stopped accruing for future salary increases.

Weighted-average actuarial assumptions used to determine Chaucer defined benefit pension retirement plan liabilities are as follows:

	2023	2022
Discount rate	4.75%	5.01%
Rate of salary increases Note (2)	NA	NA
Rate of 5% Retail Price Index ("RPI") pension increases	3.04%	3.18%
Rate of 2.5% Retail Price Index ("RPI") pension increases	2.09%	2.15%
Rate of 5% Consumer Price Index ("CPI") pension increases	2.61%	2.73%
RPI Inflation	3.16%	3.34%
CPI Inflation	2.58%	2.72%

Note (2) Chaucer defined benefit pension retirement plan have no longer accumulated future salary increases from 31 December 2016, so a rate of salary increases is no longer required.

The amounts of Chaucer defined benefit pension retirement plan obligations recognised in the balance sheet are as follows:

	2023	2022
Present value of defined benefit plan obligations	645,794	581,474
Fair value of scheme assets	(603,828)	(558,431)
Scheme deficit	41,966	23,043

According to the actuarial valuation report, the fair value of the assets under Chaucer defined benefit pension retirement plan as at 31 December 2023 was RMB603,828 thousand (as at 31 December 2022: RMB558,431 thousand), the fair value of those assets accounts for 93.50% of the benefits provided to eligible employees (31 December 2022: 96.04%).

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43 DEFERRED TAX ASSETS AND LIABILITIES

	2023	2022
Deferred tax:		
Deferred tax assets	7,805,283	6,430,006
Deferred tax liabilities	(575,563)	(795,175)
Total	7,229,720	5,634,831

The Group	31 December 2022	Impact of changes in accounting policies	1 January 2023	Credited to profit or loss	Credited to other comprehensive income	31 December 2023
Financial assets	1,178,726	35,568	1,214,294	400,421	(317,518)	1,297,197
Insurance contracts	5,726,622	–	5,726,622	1,415,994	438,961	7,581,577
Investment in associates	(1,801,675)	–	(1,801,675)	(206,867)	(13,158)	(2,021,700)
Payables to employees	539,093	–	539,093	139,058	3,839	681,990
Others	(7,935)	–	(7,935)	(358,045)	56,636	(309,344)
Total	5,634,831	35,568	5,670,399	1,390,561	168,760	7,229,720

The Group	31 December 2021	Impact of changes in accounting policies	1 January 2022	Credited to profit or loss	Credited to other comprehensive income	31 December 2022
Financial assets	(174,895)	(590,269)	(765,164)	1,052,463	891,427	1,178,726
Insurance contracts	4,632,564	945,325	5,577,889	522,895	(374,162)	5,726,622
Investment in associates	(2,525,644)	–	(2,525,644)	689,576	34,393	(1,801,675)
Payables to employees	435,466	–	435,466	74,629	28,998	539,093
Others	(2,093)	–	(2,093)	(51,595)	45,753	(7,935)
Total	2,365,398	355,056	2,720,454	2,287,968	626,409	5,634,831

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43 DEFERRED TAX ASSETS AND LIABILITIES (continued)

	2023	2022
The amount expected to be reversed within one year (inclusive)	8,478,374	5,508,878
The amount expected to be reversed after one year	(1,248,654)	125,953
Total	7,229,720	5,634,831

44 SHARE CAPITAL

(Unit: RMB'000)

	31 December 2023	31 December 2022
Issued and fully paid ordinary shares of RMB1 each		
Domestic shares	35,800,391	35,800,391
H shares	6,679,417	6,679,417
Total	42,479,808	42,479,808

The Company completed its initial public offering of overseas-listed foreign 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 2023, 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 of 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

45 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 2023			
	Financial investments at amortized cost	Debt instruments measured at fair value through other comprehensive income	Equity investments designated at fair value through other comprehensive income	Financial investments at fair value through profit or loss
Investment funds	–	–	–	30,712,091
Debt investment plans	7,065,156	–	–	1,585,389
Trust schemes	14,177,466	–	–	3,162,548
Assets backed securities	–	–	–	230,939
Assets backed plans	–	–	–	183,359
Products from insurance asset managers	–	–	–	611,976
Total	21,242,622	–	–	36,486,302

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45 INTERESTS HELD IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

(a) Interests held in structured entities managed by third-party institutions (continued)

	31 December 2022			
	Financial investments at amortized cost	Debt instruments measured at fair value through other comprehensive income	Equity investments designated at fair value through other comprehensive income	Financial investments at fair value through profit or loss
Investment funds	–	–	–	25,761,714
Debt investment plans	10,675,195	–	–	1,584,884
Trust schemes	12,654,666	–	–	2,266,340
Assets backed securities	–	–	–	291,545
Assets backed plans	–	–	–	185,430
Products from insurance asset managers	–	–	–	932,087
Total	23,329,861	–	–	31,022,000

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.

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45 INTERESTS HELD IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

(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 2023, the balances of assets under management held by the asset management products amounted to RMB349,521 million (31 December 2022: RMB76,790 million). As at 31 December 2023, the Group's direct investments in these asset management products amounted to RMB1,591 million (31 December 2022: RMB839 million). As at 31 December 2023, the balances of assets under management held by the debt investment plans amounted to RMB6,880 million (31 December 2022: RMB4,000 million). As at 31 December 2023, the Group's direct investments in these debt investment plans amounted to RMB1,400 million (31 December 2022: RMB950 million). The asset management fee income generated from these unconsolidated structured entities amounted to RMB110.6 million (31 December 2022: RMB36 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

46 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before tax to cash generated from operations:

	2023	2022 (Restated)
Profit before tax	6,325,278	(1,368,400)
Adjustments for:		
Interest income and other investment return	(7,849,335)	(5,012,756)
Exchange gains	(673,591)	(1,343,011)
Other finance cost	2,323,939	1,934,023
Share of profit or loss of associates	(1,959,788)	589,649
Impairment loss of associates	–	871,954
Impairment provisions charges	(137,122)	412,425
Depreciation of property and equipment	359,501	355,401
Depreciation of right-of-use assets	429,359	443,009
Depreciation of investment property	219,902	219,889
Amortisation of intangible assets	296,860	265,556
Losses on disposal of property and equipment and intangible assets, net	1,985	5,251
Increase in insurance contract liabilities/assets	19,570,882	12,339,627
(Increase)/decrease in reinsurance contract assets/liabilities	(3,457,728)	274,665
Increase in investment contracts liabilities/assets	1,909,354	2,902,902
Increase in other assets	(416,666)	(323,546)
Increase in other liabilities	1,261,082	634,583
Cash generated from operations	18,203,912	13,201,221

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

46 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Analysis of balances of cash and cash equivalents:

	2023	2022
Cash and short-term time deposits	14,596,285	14,793,874
Add: Financial assets held under resale agreements with original maturity of no more than three months	7,507,500	4,447,232
Less: Restricted cash at banks	(4,300,366)	(3,824,920)
Cash and cash equivalents at end of the year	17,803,419	15,416,186

(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 2023	(3,826,334)	(13,105,985)	(51,002,086)	(1,027,728)	(68,962,133)
Cash flows	2,496,462	(37,697)	(6,150,221)	445,902	(3,245,554)
Acquisition-leases	-	-	-	(255,477)	(255,477)
Foreign exchange adjustments	(86,668)	-	-	-	(86,668)
Other non-cash movements	-	(9,234)	(3,156,462)	(24,512)	(3,190,208)
Balance as at 31 December 2023	(1,416,540)	(13,152,916)	(60,308,769)	(861,815)	(75,740,040)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT

47.1 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.1 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 revenue in Note 6.

(a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business

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 LRC estimates.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Sensitivity analysis (continued)

	2023				
	Change in assumptions	Impact of pre-reinsurance on profit before tax	Impact of post-reinsurance on profit before tax	Impact on equity before reinsurance	Impact on equity after reinsurance
Loss ratio	+1%	(1,078,791)	(1,046,943)	(1,078,113)	(1,006,314)
Loss ratio	-1%	1,078,791	1,046,943	1,078,113	1,006,314

	2022				
	Change in assumptions	Impact of pre-reinsurance on profit before tax	Impact of post-reinsurance on profit before tax	Impact on equity before reinsurance	Impact on equity after reinsurance
Loss ratio	+1%	(1,465,216)	(1,423,002)	(998,378)	(906,765)
Loss ratio	-1%	1,465,216	1,423,002	998,378	906,765

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Information sheet on the progress of claims

- (i) Primary insurance contracts*

Before reinsurance

	2018 and before	2019	2020	2021	2022	2023	Total
Estimated net amount of accumulated undiscounted claims							
At the end of business year	138,534,089	23,133,382	27,370,710	29,763,809	30,890,959	34,881,966	
1 year later	138,604,991	22,708,775	26,281,395	28,598,353	29,049,100		
2 year later	138,664,314	22,713,189	25,639,466	28,222,400			
3 year later	138,808,755	22,772,489	25,529,589				
4 year later	138,743,460	22,760,246					
5 year later	138,716,731						
Estimated accumulated claims	138,716,731	22,760,246	25,529,589	28,222,400	29,049,100	34,881,966	279,160,032
Less: Accumulated paid claims	138,430,406	22,501,973	24,928,025	27,030,619	25,223,516	21,505,055	259,619,594
Add: Impact of ULAE, adjustment and discount of non-financial risk							1,238,697
Unpaid claims							20,779,135
Add: Receivables and payables in liability for incurred claims							(1,327,492)
Less: The amount of liability for incurred claims received from the transfer business of China Continent Insurance within the Group							7,297
Total liability for incurred claims							19,444,346

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Information sheet on the progress of claims (continued)

- (i) Primary insurance contracts* (continued)

After reinsurance

	2018 and before	2019	2020	2021	2022	2023	Total
Estimated net amount of accumulated undiscounted claims							
At the end of business year	119,357,491	21,097,358	24,606,091	27,037,334	28,254,998	31,878,504	
1 year later	119,360,255	20,916,980	23,766,707	26,058,586	26,525,255		
2 year later	119,440,769	20,835,396	23,299,400	25,605,431			
3 year later	119,507,888	20,904,889	23,197,594				
4 year later	119,508,946	20,874,594					
5 year later	119,485,190						
Estimated accumulated claims	119,485,190	20,874,594	23,197,594	25,605,431	26,525,255	31,878,504	247,566,568
Less: Accumulated paid claims	119,273,821	20,678,583	22,827,132	24,683,357	23,291,925	20,124,253	230,879,071
Add: Impact of ULAE, adjustment and discount of non-financial risk							1,074,565
Unpaid claims							17,762,062
Add: Receivables and payables in liability for incurred claims							(3,430,047)
Less: The amount of liability for incurred claims received from the transfer business of China Continent Insurance within the Group							(2,101,974)
Net amount of liability for incurred claims							16,433,989
Total reinsurance recovery of the asset for incurred claims							(3,010,357)
Total liability for incurred claims							19,444,346

* The above primary insurance contracts include a small number of the assumed reinsurance business undertaken by China Continent Insurance.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Information sheet on the progress of claims (continued)

- (ii) Reinsurance contracts

Before reinsurance

	2018 and before	2019	2020	2021	2022	2023	Total
Estimated net amount of accumulated undiscounted claims							
At the end of business year	308,483,019	32,348,394	36,473,235	42,640,931	47,772,494	47,313,018	
1 year later	309,754,010	35,548,138	41,418,181	49,260,085	55,060,616		
2 year later	309,012,093	33,926,903	42,195,045	49,224,445			
3 year later	307,184,459	34,303,962	41,938,105				
4 year later	307,467,247	33,513,961					
5 year later	307,222,478						
Estimated accumulated claims	307,222,478	33,513,961	41,938,105	49,224,445	55,060,616	47,313,018	534,272,623
Less: Accumulated paid claims	302,843,232	29,759,489	35,121,759	40,053,292	34,785,799	7,550,841	450,114,412
Unearned claims	62,015	26,499	49,669	351,221	620,591	17,910,240	19,020,235
Add: Impact of ULAE, adjustment and discount of non-financial risk							3,446,005
Unpaid claims							68,583,981
Add: Receivables and payables in liability for incurred claims							1,063,388
Total liability for incurred claims							69,647,369

Note: The above information sheet on the progress of claims does not include long-term life reinsurance business. The amount of total liability for incurred claims before reinsurance for such business is RMB6,101 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Information sheet on the progress of claims (continued)

- (ii) Reinsurance contracts (continued)

After reinsurance

	2018 and before	2019	2020	2021	2022	2023	Total
Estimated net amount of accumulated undiscounted claims							
At the end of business year	294,859,584	28,392,041	31,911,806	38,371,270	43,191,978	43,220,283	
1 year later	296,145,690	31,524,314	35,994,638	43,913,662	49,519,023		
2 year later	295,038,791	29,778,356	36,599,253	43,631,622			
3 year later	293,231,690	30,063,654	35,158,818				
4 year later	294,738,617	29,149,638					
5 year later	294,683,962						
Estimated accumulated claims	294,683,962	29,149,638	35,158,818	43,631,622	49,519,023	43,220,283	495,363,346
Less: Accumulated paid claims	290,457,779	26,046,783	30,367,309	36,022,263	31,970,927	6,934,077	421,799,138
Unearned claims	61,385	26,297	49,669	347,481	612,190	17,312,999	18,410,021
Add: Impact of ULAE, adjustment and discount of non-financial risk							3,218,036
Unpaid claims							58,372,223
Add: Receivables and payables in liability for incurred claims							(258,814)
Net amount of liability for incurred claims							58,113,409
Total reinsurance recovery of the asset for incurred claims							(11,533,960)
Total liability for incurred claims							69,647,369

Note: The above information sheet on the progress of claims does not include long-term life reinsurance business. The amount of total reinsurance recovery of the asset for incurred claims for such business is RMB1,467 million.

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47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Information sheet on the progress of claims (continued)

- (iii) CRIH and CIC business

Before reinsurance

	2018 and before	2019	2020	2021	2022	2023	Total
Estimated net amount of accumulated undiscounted claims							
At the end of business year	27,355,275	3,299,411	3,333,553	3,734,542	4,899,565	4,397,395	
1 year later	29,294,836	5,481,119	5,600,552	7,704,951	8,454,624		
2 year later	30,721,721	5,236,331	6,216,651	8,079,877			
3 year later	29,712,810	6,039,374	6,418,917				
4 year later	32,828,491	6,020,403					
5 year later	33,239,127						
Estimated accumulated claims	33,239,127	6,020,403	6,418,917	8,079,877	8,454,624	4,397,395	66,610,343
Less: Accumulated paid claims	27,602,715	4,041,412	3,376,599	3,424,118	2,119,853	328,663	40,893,360
Unearned claims	37,425	191,742	265,842	182,106	568,784	4,351,346	5,597,245
Add: Impact of ULAE, adjustment and discount of non-financial risk							6,524,468
Unpaid claims							26,644,206
Total liability for incurred claims							26,644,206

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47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

- (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business (continued)

Information sheet on the progress of claims (continued)

- (iii) CRIH and CIC business (continued)

After reinsurance

	2018 and before	2019	2020	2021	2022	2023	Total
Estimated net amount of accumulated undiscounted claims							
At the end of business year	17,366,109	1,805,935	2,374,179	2,349,487	2,828,990	2,701,092	
1 year later	18,553,331	3,311,986	3,956,565	4,854,800	5,515,396		
2 year later	19,577,080	3,244,548	4,414,191	5,052,160			
3 year later	19,177,478	3,790,302	4,502,035				
4 year later	20,755,037	3,840,680					
5 year later	20,961,479						
Estimated accumulated claims	20,961,479	3,840,680	4,502,035	5,052,160	5,515,396	2,701,092	42,572,842
Less: Accumulated paid claims	17,557,687	2,640,853	3,189,717	2,563,613	1,610,544	381,041	27,943,455
Unearned claims	13,234	50,753	72,313	41,233	337,036	2,398,200	2,912,769
Add: Impact of ULAE, adjustment and discount of non-financial risk							3,691,921
Unpaid claims							15,408,539
Net amount of liability for incurred claims							15,408,539
Total reinsurance recovery of the asset for incurred claims							(11,235,667)
Total liability for incurred claims							26,644,206

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.

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47 RISK MANAGEMENT (continued)

47.1 Insurance risk (continued)

(b) Long-term life and health insurance contract assumptions and sensitivity analysis

	2023				
	Change in assumptions	Impact of pre-reinsurance on profit before tax	Impact of post-reinsurance on profit before tax	Impact on equity before reinsurance	Impact on equity after reinsurance
Mortality and morbidity assumptions	+10%	(248,434)	(238,516)	(264,891)	(254,973)
Mortality and morbidity assumptions	-10%	241,333	230,491	257,497	246,656
Lapse rate assumptions	+10%	85,951	33,252	117,920	59,803
Lapse rate assumptions	-10%	(63,639)	(13,865)	(93,243)	(37,740)

	2022				
	Change in assumptions	Impact of pre-reinsurance on profit before tax	Impact of post-reinsurance on profit before tax	Impact on equity before reinsurance	Impact on equity after reinsurance
Mortality and morbidity assumptions	+10%	(260,993)	(261,051)	(267,161)	(267,228)
Mortality and morbidity assumptions	-10%	250,425	250,483	256,374	256,440
Lapse rate assumptions	+10%	151,885	94,709	156,763	97,649
Lapse rate assumptions	-10%	(144,661)	(86,458)	(148,842)	(88,584)

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47 RISK MANAGEMENT (continued)

47.2 Credit risk

(a) Credit risk

Credit risks refer to the risk of losses incurred by the inability of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, financial investments at amortized cost and debt instruments measured at fair value through other comprehensive income, reinsurance arrangement with reinsurers, policy loans, margin financing, financial guarantee contracts and loan commitments, insurance contract assets, reinsurance contract assets etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

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 evaluated the credit rating of the reinsurance companies before signing the reinsurance contracts, and chose the reinsurance companies with higher credit quality to reduce the credit risk.

As at 31 December 2023, 100% (31 December 2022: 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 2023, 100% (31 December 2022: 100%) of the domestic corporate bonds and short term corporate financing bonds held by the Group had a credit rating of AA or above, 42% (31 December 2022: 44%) 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 2023, 60% (31 December 2022: 51%) of the debt investment plan were guaranteed by third parties or collateralized, 48% (31 December 2022: 48%) of the trust schemes were guaranteed by third parties and 100% (31 December 2022: 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 all comply with the regulations of the regulatory authority of exemption from credit enhancement.

As at 31 December 2023, there was material breach for few debt investments held by the group. The Group had taken legal measures to preserve and recover the assets of the debt investments and the collateral.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(b) Measurement of ECL

The Group has implemented IFRS 9 for financial instruments since 1 January, 2023. The Group applies the ECL model to calculate loss allowances for its debt financial instruments measured at amortized cost and FVOCI, as well as loan commitments and financial guarantee contracts.

Methods applied by the Group in assessing the expected credit losses of its financial assets include risk parameters model and the discounted cash flow (“DCF”) model. Financial assets at Stage I and Stage II are assessed using risk parameters, while Stage III assets are subject to the discounted cash flow method.

The Group assesses ECL in light of forward-looking information and uses models and assumptions in calculating the expected credit losses. These models and assumptions relate to the future macroeconomic conditions and the debtors’ creditworthiness. In assessing the expected credit risks in accordance with accounting standards, the Group uses the judgements, assumptions and estimates where appropriate, including:

- Parameters for measuring ECL
- Criteria for significant increase in credit risk and default definition
- Definition of credit-impaired financial assets
- Forward-looking information

Parameters for measuring ECL

For financial instruments without significant increase in credit risk, the Group recognizes an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime respectively. The relevant parameters of ECL measurement include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group establishes its PD models, LGD models and EAD models based on the internal and external rating based system as currently used for its risk management purpose, in accordance with the requirements of IFRS 9, in light of forward-looking information.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(b) Measurement of ECL (continued)

Parameters for measuring ECL (continued)

The parameters are defined as follows:

- PD represents the likelihood of a debtor defaulting on its financial obligation, either over the next 12 months (“12m PD”), or over the remaining lifetime (“Lifetime PD”) of the obligation; The Group’s PD is adjusted on the basis of the results of the Group’s internal rating model, incorporating forward-looking information to reflect the point-in-time PD of the debtor in the current macroeconomic environment;
- EAD is based on the amounts the Group expects to be reimbursed at the time of default;
- LGD represents the Group’s expectation of the extent of loss on defaulted exposure. It varies depending on the type of counterparty, method of recourse and priority, and the availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

Criteria for Judging Significant Increase in Credit Risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each reporting date. For the purpose of staging assessment of its financial assets, the Group thoroughly considers various reasonable and supportable information that may reflect whether there has been a significant change in their credit risk, including forward-looking information. Key factors considered include regulatory and operating environments, internal and external credit ratings, solvency, viability as a going concern, repayment behaviors, among others. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(b) Measurement of ECL (continued)

Criteria for Judging Significant Increase in Credit Risk (continued)

The Group sets quantitative and qualitative criteria to determine whether the credit risk of a financial instrument has increased significantly since its initial recognition. The criteria includes changes in its credit risk classification, overdue status and other factors. In particular, the five-category classification of asset is downgraded to Special mention; internal debt ratings of assets are downgraded to speculative grade; external debt ratings of assets are downgraded to speculative grade or below the regulatory access level, but no credit impairment has occurred; and the assets are past due, but not more than 90 days, and have not been deemed to be credit-impaired.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group recognizes a financial instrument as having low credit risk if its internal rating is consistent with the globally accepted definition for low credit risk (e.g. external “investment grade” rating).

Definition of credit impairment assets that have occurred

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instruments, in addition to consideration of quantitative and qualitative indicators. In assessing whether a borrower has become credit-impaired, the Group mainly considers the following factors:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event in relation to interest or principal payment;
- The lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(b) Measurement of ECL (continued)

Definition of credit impairment assets that have occurred (continued)

- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The borrower is overdue for more than 90 days in any principal, advances, interest or investment in bonds due to the Group.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

Forward-looking information

The assessment of whether there has been a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the forward-looking information that affect the credit risk and ECL of various portfolio. Forward-looking information include Gross Domestic Product (GDP), Money Supply (M2) and Consumer Price Index (CPI) etc.

The impact of these forward-looking information on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the correlation between these forward-looking information and the PDs and LGDs. The Group assesses and forecasts these forward-looking information at least every six months, calculates the best estimates for the future, and regularly reviews and assesses results.

Based on statistical analysis and expert judgements, the Group determines the weightings of multiple scenarios and the corresponding forward-looking information forecast under each scenario. The Group uses the weighted 12 months ECL (Stage I) or weighted lifetime ECL (Stage II and Stage III) to measure relevant impairment allowances. These weighted credit losses are calculated by multiplying the expected credit loss under each scenario by the assigned scenario weighting.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(b) Measurement of ECL (continued)

Credit exposure

Without considering the impact of collateral and other credit enhancements, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Policies are established regarding to the selection of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- (i) for debt investment plan and trust plan, collaterals are real estate properties, inventories, etc;
- (ii) for reverse repurchase transactions, collaterals are quoted securities;

Management monitors the market value of the collateral, and requires additional collateral when needed according to contracts, when assessing the adequacy of impairment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

- (1) Maximum credit risk exposure of the financial assets under the scope of expected credit loss that does not take into account any collateral and other credit enhancement measures (net of provision for impairment):

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	The maximum exposures	The maximum exposures
Assets:					
Cash and short-term time deposits	14,596,526	–	–	14,596,526	14,799,064
Financial assets held under resale agreements	7,505,037	–	–	7,505,037	4,447,650
Financial assets at amortised cost	78,606,816	14,373	5,472,163	84,093,352	78,762,114
Debt instruments measured at fair value through other comprehensive income	108,097,770	448,315	–	108,546,085	110,831,036
Time deposits	27,758,604	–	–	27,758,604	22,556,208
Statutory deposits	18,889,763	–	–	18,889,763	21,587,198
Other assets	6,041,087	–	–	6,041,087	4,845,196
Maximum exposure	261,495,603	462,688	5,472,163	267,430,454	257,828,466

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(2) Measurement of ECL

The credit risk exposure of the Group's classified debt investments and other debt investments is classified by the stage of loss as follows:

(i) Financial assets at amortised cost

	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (credit impairment assets that have occurred)	
1 January 2023	69,587	–	1,924,320	1,993,907
Reversal in the current year	36,838	–	298,544	335,382
Transfers between stages	(52)	52	–	–
– Increase	–	52	–	52
– Decrease	(52)	–	–	(52)
Foreign exchange and other changes	9,549	–	7,944	17,493
31 December 2023	115,922	52	2,230,808	2,346,782

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

(2) Measurement of ECL (continued)

(ii) Debt instruments measured at fair value through other comprehensive income

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (credit impairment assets that have occurred)	
1 January 2023	135,168	35,147	444,311	614,626
Reversal in the current year	(4,500)	(25,787)	(444,311)	(474,598)
Transfers between stages	(2,210)	2,210	–	–
– Increase	–	2,210	–	2,210
– Decrease	(2,210)	–	–	(2,210)
Foreign exchange and other changes	1,030	(454)	–	576
31 December 2023	129,488	11,116	–	140,604

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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47 RISK MANAGEMENT (continued)

47.3 Financial risk

(a) Market risk-Interest rate risk

The Group's interest rate risk arises primarily from financial instruments, including cash and short-term time deposits, time deposits and debt investments. 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	2023		2022	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Financial instruments	+50bp	(400,847)	(1,872,252)	(252,415)	(1,614,121)
Financial instruments	-50bp	408,968	1,902,988	257,615	1,644,312
Insurance contracts and reinsurance contracts	+50bp	–	1,331,731	–	1,829,319
Insurance contracts and reinsurance contracts	-50bp	–	(1,385,309)	–	(1,980,514)

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(b) Market risk-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 assets/liabilities and reinsurance contract assets/liabilities etc. by major currency at the end of the reporting period, expressed in the RMB equivalent.

	2023						Total
	RMB	USD	HKD	GBP	EUR	Others	
Cash and short-term time deposits	9,967,294	3,517,297	230,970	325,228	238,239	317,498	14,596,526
Derivative financial instruments	-	72,318	-	-	-	-	72,318
Financial assets held under resale agreements	7,505,037	-	-	-	-	-	7,505,037
Financial investments at fair value through profit or loss	87,363,820	14,305,501	2,341,751	3,201	-	368,445	104,382,718
Financial investments at amortised cost	69,777,247	14,316,105	-	-	-	-	84,093,352
Debt instruments measured at fair value through other comprehensive income	69,122,746	33,633,200	297,393	3,212,673	1,199,200	1,080,873	108,546,085
Equity investments designated at fair value through other comprehensive income	6,396,142	2,947,994	1,933,887	-	-	-	11,278,023
Insurance contract assets	325,953	111,797	1,031	17	399	20,024	459,221
Reinsurance contract assets	11,669,231	9,231,071	20,972	3,461,482	90,027	515,745	24,988,528
Investment contract assets	4,584,090	-	13,169	-	-	9,369	4,606,628
Time deposits	18,947,593	8,551,151	-	259,860	-	-	27,758,604
Statutory deposits for insurance operations	18,889,763	-	-	-	-	-	18,889,763
Other financial assets	3,396,770	471,220	166,863	209,019	266	1,796,949	6,041,087
Total	307,945,686	87,157,654	5,006,036	7,471,480	1,528,131	4,108,903	413,217,890

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(b) Market risk-Currency risk (continued)

	2023						Total
	RMB	USD	HKD	GBP	EUR	Others	
Financial liabilities at fair value through profit or loss	444,374	-	-	-	-	-	444,374
Derivative financial liabilities	304,254	-	-	-	-	7,854	312,108
Financial assets sold under repurchase agreements	52,396,902	7,911,868	-	-	-	-	60,308,770
Income tax payable	2,023,277	1,521	18,277	823	-	-	2,043,898
Investment contract liabilities	25,511,326	366,601	1,251,209	-	-	-	27,129,136
Insurance contract liabilities	168,393,038	49,666,600	9,058,031	3,298,308	4,897,377	3,748,115	239,061,469
Reinsurance contract liabilities	647	35,848	-	-	3,394	263	40,152
Notes and bonds payable	13,152,917	-	-	-	-	-	13,152,917
Bank borrowings	-	1,416,540	-	-	-	-	1,416,540
Lease liabilities	628,041	1,431	41,094	174,784	5,170	11,295	861,815
Other liabilities	9,173,633	733,673	232,789	1,124,471	303,823	136,147	11,704,536
Total	272,028,409	60,134,082	10,601,400	4,598,386	5,209,764	3,903,674	356,475,715

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(b) Market risk-Currency risk (continued)

	2022						
	RMB	USD	HKD	GBP	EUR	Others	Total
Cash and short-term time deposits	9,389,067	2,950,839	520,037	1,301,707	213,669	423,745	14,799,064
Derivative financial instruments	111,136	2,619	-	-	-	-	113,755
Financial assets held under resale agreements	4,447,650	-	-	-	-	-	4,447,650
Financial investments at fair value through profit or loss	60,355,974	14,182,312	2,866,379	2,203	-	374,818	77,781,686
Financial investments at amortised cost	64,631,531	14,121,947	8,636	-	-	-	78,762,114
Debt instruments measured at fair value through other comprehensive income	79,493,277	28,439,461	4,154	881,609	1,052,881	959,654	110,831,036
Equity investments designated at fair value through other comprehensive income	10,169,971	3,586,698	4,072,201	-	-	-	17,828,870
Insurance contract assets	374,231	106,828	71	16	81	14,263	495,490
Reinsurance contract assets	9,089,751	8,866,949	17,053	1,673,832	47,988	559,452	20,255,025
Investment contract assets	5,590,382	-	12,981	-	-	10,127	5,613,490
Time deposits	20,471,263	2,007,220	-	77,725	-	-	22,556,208
Statutory deposits for insurance operations	21,587,198	-	-	-	-	-	21,587,198
Other financial assets	1,443,504	1,450,542	75,688	347,340	27,160	1,500,962	4,845,196
Total	287,154,935	75,715,415	7,577,200	4,284,432	1,341,779	3,843,021	379,916,782

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(b) Market risk-Currency risk (continued)

	2022						Total
	RMB	USD	HKD	GBP	EUR	Others	
Financial liabilities at fair value							
through profit or loss	308,062	-	-	-	-	-	308,062
Derivative financial liabilities	-	45,448	-	-	-	-	45,448
Financial assets sold under							
repurchase agreements	41,699,645	9,302,441	-	-	-	-	51,002,086
Income tax payable	2,212,809	627	10,589	-	-	9,547	2,233,572
Investment contract liabilities	24,497,059	395,040	1,334,545	-	-	-	26,226,644
Insurance contract liabilities	146,851,312	47,826,812	10,469,263	1,697,645	3,566,579	4,947,539	215,359,150
Reinsurance contract liabilities	-	17,674	-	41	2,814	12,436	32,965
Notes and bonds payable	13,105,985	-	-	-	-	-	13,105,985
Bank borrowings	-	3,826,334	-	-	-	-	3,826,334
Lease liabilities	813,075	339	9,542	185,352	-	19,420	1,027,728
Other liabilities	9,662,584	1,891,579	136,636	683,571	245,828	52,607	12,672,805
Total	239,150,531	63,306,294	11,960,575	2,566,609	3,815,221	5,041,549	325,840,779

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(b) Market risk-Currency risk (continued)

Sensitive analysis

The analysis below is performed for reasonable possible movements in key variables with all other variables held constant, showing the impact on after-tax profits and equity resulting from changes in the fair value of monetary assets and liabilities that are sensitive to currency fluctuations. The impact disclosed by the Group takes into account the net amount after considering financial assets and insurance contract 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	
		2023	2022	2023	2022
USD	+5%	1,203,779	441,121	1,203,779	441,121
USD	-5%	(1,203,779)	(441,121)	(1,203,779)	(441,121)
HKD	+5%	(376,463)	(422,779)	(376,463)	(422,779)
HKD	-5%	376,463	422,779	376,463	422,779
GBP	+5%	143,655	85,891	143,655	85,891
GBP	-5%	(143,655)	(85,891)	(143,655)	(85,891)
EUR	+5%	(184,082)	(123,672)	(184,082)	(123,672)
EUR	-5%	184,082	123,672	184,082	123,672

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(c) Market risk – 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.

Since the Group doesn't issue any insurance contracts with direct participation features, there is no price risk for insurance contract liabilities from related assets. So 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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47 RISK MANAGEMENT (continued)

47.3 Financial risk (continued)

(c) **Market risk – 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):

	2023	2022
Financial investments at fair value through profit or loss		
Equity shares	(294,839)	(368,570)
Investment funds	(171,124)	(116,163)
Subtotal	(465,963)	(484,733)
Equity investments designated at fair value through other comprehensive income		
Equity shares	(164,424)	(208,589)
Investment funds	–	–
Subtotal	(164,424)	(208,589)
Total	(630,387)	(693,322)

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47 RISK MANAGEMENT (continued)

47.4 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 assets/liabilities and reinsurance contract assets/liabilities of the Group based on undiscounted cash flows.

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47 RISK MANAGEMENT (continued)

47.4 Liquidity risk (continued)

(a) Excluding insurance

	31 December 2023					Carrying amount
	Within 1 year or undated	1 to 2 years	2 to 5 years	More than 5 years	Total	
Assets:						
Cash and short-term time deposits	14,596,526	-	-	-	14,596,526	14,596,526
Derivative financial assets	72,318	-	-	-	72,318	72,318
Financial assets held under resale agreements	7,505,037	-	-	-	7,505,037	7,505,037
Financial investments at fair value through profit or loss	56,438,325	6,174,755	16,606,811	56,923,919	136,143,810	104,382,718
Financial assets at amortised cost	12,190,154	10,560,172	37,579,932	48,859,358	109,189,616	84,093,352
Debt instruments measured at fair value through other comprehensive income	20,280,028	21,631,675	45,825,284	40,137,944	127,874,931	108,546,085
Equity investments designated at fair value through other comprehensive income	11,278,023	-	-	-	11,278,023	11,278,023
Investment contract assets	(1,826,246)	(12,800,517)	(27,573,543)	205,686,454	163,486,148	4,606,628
Time deposits	7,520,943	10,507,644	12,479,072	-	30,507,659	27,758,604
Statutory deposits for insurance operations	1,160,689	6,796,443	12,316,775	-	20,273,907	18,889,763
Other financial assets	5,930,251	110,836	-	-	6,041,087	6,041,087
Total	135,146,048	42,981,008	97,234,331	351,607,675	626,969,062	387,770,141
Liabilities:						
Financial liabilities at fair value through profit or loss	444,374	-	-	-	444,374	444,374
Derivative financial liabilities	312,108	-	-	-	312,108	312,108
Financial assets sold under repurchase agreements	60,308,770	-	-	-	60,308,770	60,308,770
Income tax payable	2,043,898	-	-	-	2,043,898	2,043,898
Investment contract liabilities	(5,215,451)	(7,307,026)	(12,014,873)	207,346,746	182,809,396	27,129,136
Notes and bonds payable	536,800	536,800	5,730,400	10,492,000	17,296,000	13,152,917
Bank borrowings	1,416,540	-	-	-	1,416,540	1,416,540
Lease liabilities	323,197	236,358	292,069	61,928	913,552	861,815
Other liabilities	11,704,536	-	-	-	11,704,536	11,704,536
Total	71,874,772	(6,533,868)	(5,992,404)	217,900,674	277,249,174	117,374,094

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.4 Liquidity risk (continued)

(a) Excluding insurance (continued)

	31 December 2022					Carrying amount
	Within 1 year or undated	1 to 2 years	2 to 5 years	More than 5 years	Total	
Assets:						
Cash and short-term time deposits	14,799,064	-	-	-	14,799,064	14,799,064
Derivative financial assets	113,755	-	-	-	113,755	113,755
Financial assets held under resale agreements	4,447,650	-	-	-	4,447,650	4,447,650
Financial investments at fair value through profit or loss	45,380,679	1,559,898	10,131,715	45,807,307	102,879,599	77,781,686
Financial assets at amortised cost	8,992,781	11,970,579	40,654,179	38,071,962	99,689,501	78,762,114
Debt instruments measured at fair value through other comprehensive income	13,012,696	17,425,131	46,919,496	33,900,320	111,257,643	110,831,036
Equity investments designated at fair value through other comprehensive income	17,828,870	-	-	-	17,828,870	17,828,870
Investment contract assets	(6,902,001)	(8,033,787)	(25,053,902)	212,943,319	172,953,629	5,613,490
Time deposits	4,251,039	6,929,913	12,816,985	-	23,997,937	22,556,208
Statutory deposits for insurance operations	13,708,442	1,135,089	7,807,676	-	22,651,207	21,587,198
Other financial assets	4,711,902	30,896	102,398	-	4,845,196	4,845,196
Total	120,344,877	31,017,719	93,378,547	330,722,908	575,464,051	359,166,267
Liabilities:						
Financial liabilities at fair value through profit or loss	308,062	-	-	-	308,062	308,062
Derivative financial liabilities	45,448	-	-	-	45,448	45,448
Financial assets sold under repurchase agreements	51,002,086	-	-	-	51,002,086	51,002,086
Income tax payable	2,233,572	-	-	-	2,233,572	2,233,572
Investment contract liabilities	(5,456,367)	(5,137,572)	(12,969,292)	219,547,552	195,984,321	26,226,644
Notes and bonds payable	614,800	614,800	1,844,400	14,478,044	17,552,044	13,105,985
Bank borrowings	3,826,334	-	-	-	3,826,334	3,826,334
Lease liabilities	409,102	272,365	340,712	96,705	1,118,884	1,027,728
Other liabilities	12,672,805	-	-	-	12,672,805	12,672,805
Total	65,655,842	(4,250,407)	(10,784,180)	234,122,301	284,743,556	110,448,664

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.4 Liquidity risk (continued)

(b) Insurance

	31 December 2023						Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	
Undiscounted remaining net contractual cash flows arising from insurance contract assets	(89,535)	(30,869)	120,831	70,027	1,312	62,812	134,578
Undiscounted remaining net contractual cash flows arising from reinsurance contract assets	9,666,766	2,115,427	(3,374,305)	(2,813,279)	(2,790,398)	68,947,381	71,751,592
Total	9,577,231	2,084,558	(3,253,474)	(2,743,252)	(2,789,086)	69,010,193	71,886,170
Undiscounted remaining net contractual cash flows arising from insurance contract liabilities	101,232,850	49,422,548	21,872,940	12,526,897	6,747,268	69,426,627	261,229,130
Undiscounted remaining net contractual cash flows arising from reinsurance contract liabilities	62,945	(3,078)	(437)	(85)	(29)	(1)	59,315
Total	101,295,795	49,419,470	21,872,503	12,526,812	6,747,239	69,426,626	261,288,445

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

47 RISK MANAGEMENT (continued)

47.4 Liquidity risk (continued)

(b) Insurance (continued)

	31 December 2022						Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	
Undiscounted remaining net contractual cash flows arising from insurance contract assets	826,716	(126,101)	22,226	86,752	9,803	(66,713)	752,683
Undiscounted remaining net contractual cash flows arising from reinsurance contract assets	5,105,698	5,226,912	315,701	221,223	1,148,325	23,981,981	35,999,840
Total	5,932,414	5,100,811	337,927	307,975	1,158,128	23,915,268	36,752,523
Undiscounted remaining net contractual cash flows arising from insurance contract liabilities	79,712,894	44,094,323	30,797,288	16,039,447	12,290,144	51,918,389	234,852,485
Undiscounted remaining net contractual cash flows arising from reinsurance contract liabilities	60,229	(2,775)	(5,045)	(39)	52	34	52,456
Total	79,773,123	44,091,548	30,792,243	16,039,408	12,290,196	51,918,423	234,904,941

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

48 FAIR VALUE

Financial assets and liabilities at fair value through profit or loss

	Fair value as at 31 December 2023	Fair value measurements as at 31 December 2023		
		Level 1	Level 2	Level 3
Assets				
Financial investments at fair value through profit or loss				
– Fixed maturity investment	52,918,552	1,788,009	45,486,910	5,643,633
– Equity securities	51,464,166	28,346,612	17,824,836	5,292,718
Debt instruments measured at fair value through other comprehensive income	108,546,085	4,365,730	104,180,355	–
Equity investments designated at fair value through other comprehensive income	11,278,023	7,971,588	3,200,328	106,107
Derivative financial assets	72,318	–	–	72,318
Total assets	224,279,144	42,471,939	170,692,429	11,114,776
Liabilities				
Financial liabilities at fair value through profit or loss	(444,374)	–	–	(444,374)
Derivative financial liabilities	(312,108)	(6,600)	–	(305,508)
Total liabilities	(756,482)	(6,600)	–	(749,882)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

48 FAIR VALUE (continued)

Financial assets and liabilities at fair value through profit or loss (continued)

	Fair value as at 31 December 2022	Fair value measurements as at 31 December 2022		
		Level 1	Level 2	Level 3
Assets				
Financial investments at fair value through profit or loss				
– Fixed maturity investment	34,473,599	2,612,130	27,501,552	4,359,917
– Equity securities	43,308,087	36,145,372	838,851	6,323,864
Debt instruments measured at fair value through other comprehensive income	110,831,036	2,460,942	108,370,094	–
Equity investments designated at fair value through other comprehensive income	17,828,870	13,209,467	3,863,371	756,032
Derivative financial assets	113,755	–	–	113,755
Total assets	206,555,347	54,427,911	140,573,868	11,553,568
Liabilities				
Financial liabilities at fair value through profit or loss	(308,062)	–	–	(308,062)
Derivative financial liabilities	(45,448)	–	–	(45,448)
Total liabilities	(353,510)	–	–	(353,510)

Valuation techniques and inputs used in Level 2 fair value measurements

For the year ended 31 December 2023, the Group has no securities transferred from the level 1 to the level 2 (the year ended 31 December 2022: Nil), and no securities transferred from the level 2 to the level 1 (the year ended 31 December 2022: Nil).

For the year ended 31 December 2023, the Group has no securities transferred from the level 3 to the level 2 (the year ended 31 December 2022: Nil), and no securities transferred from the level 2 to the level 3 (the year ended 31 December 2022: Nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

48 FAIR VALUE (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Financial investments at fair value through profit or loss	Debt instruments measured at fair value through other comprehensive income	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2023	10,683,781	–	756,032	113,755	(45,448)	(308,062)
Additions	2,174,348	–	–	–	–	–
Disposals/Expired	(1,274,521)	–	–	–	–	–
Transfer to Level 3	–	–	–	–	–	–
Transfer out from Level 3	–	–	–	–	–	–
Gains/(losses) through profit or loss	(644,975)	–	30,534	(41,606)	(262,208)	(136,312)
Gains/(losses) through other comprehensive income	(2,282)	–	(680,459)	169	2,148	–
31 December 2023	10,936,351	–	106,107	72,318	(305,508)	(444,374)

	Financial investments at fair value through profit or loss	Debt instruments measured at fair value through other comprehensive income	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2022	12,582,733	–	89,180	436,422	–	(267,054)
Additions	2,689,855	10,000	719,011	–	–	–
Disposals/Expired	(4,257,809)	–	–	(4,332)	–	–
Transfer to Level 3	–	–	–	–	–	–
Transfer out from Level 3	–	–	–	–	–	–
Gains/(Losses) through profit or loss	(332,839)	(10,000)	–	(331,837)	(38,605)	(41,008)
Gains/(Losses) through other comprehensive income	1,841	–	(52,159)	13,502	(6,843)	–
31 December 2022	10,683,781	–	756,032	113,755	(45,448)	(308,062)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

48 FAIR VALUE (continued)

Financial assets and liabilities carried at other than fair value

	31 December 2023		The fair value hierarchy as at 31 December 2023		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial investments at amortised cost	84,093,352	83,904,907	–	50,542,455	33,362,452
Liabilities					
Bank borrowings	1,416,540	1,410,387	–	–	1,410,387
Notes payable	13,152,917	13,373,366	–	13,373,366	–

	31 December 2022		The fair value hierarchy as at 31 December 2022		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial investments at amortised cost	78,762,114	80,480,673	–	43,828,545	36,652,128
Liabilities					
Bank borrowings	3,826,334	3,741,219	–	–	3,741,219
Notes payable	13,105,985	13,261,588	–	13,261,588	–

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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48 FAIR VALUE (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

	Fair value as at 31 December 2023	Valuation techniques	Inputs	Range/ Weighted average	Relationships between fair value	Observable/ Unobservable
Financial investments at fair value through profit or loss	10,936,351					
Equity securities	5,292,718					
Comparable companies approach	73,973	Comparable companies approach	Liquidity Discount	18%-35%	The higher the liquidity discount, the lower the fair value	Unobservable
Net asset value method	4,961,012	Net asset value method	Net Asset	NA	NA	Unobservable
Recent financing price	224,890	Recent financing price	NA	NA	NA	Unobservable
Discounted cash flow method	32,843	DCF	Discount Rate	9.03%-9.03%	The higher the discount rate, the lower the fair value	Unobservable
Debt securities	5,643,633					
Discounted cash flow method	5,643,633	DCF	Discount Rate	0.81%-6.47%	The higher the discount rate, the lower the fair value	Unobservable
Equity investments designated at fair value through other comprehensive income	106,107					
Net asset value method	106,107	Net asset value method	Net Asset	NA	NA	Unobservable

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48 FAIR VALUE (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

	Fair value as at 31 December 2022	Valuation techniques	Inputs	Range/ Weighted average	Relationships between fair value	Observable/ Unobservable
Financial investments at fair value through profit or loss	10,683,781					
Equity securities	6,052,535					
Comparable companies approach	529,873	Market Comparison Method	Liquidity Discount	5.00%-35.00%	The higher the discount rate, the lower the fair value	Unobservable
Net asset value method	5,489,720	Net asset value method	Net Asset	NA	NA	Unobservable
Discounted cash flow method	32,942	DCF	Discount Rate	8.99%-8.99%	The higher the discount rate, the lower the fair value	Unobservable
Debt securities	4,631,246					
Discounted cash flow method	4,631,246	DCF	Discount Rate	1.01%-6.06%	The higher the discount rate, the lower the fair value	Unobservable
Equity investments designated at fair value through other comprehensive income	756,032					
Comparable companies approach	661,105	Market Comparison Method	Adjustment coefficient	NA	NA	Unobservable
Net asset value method	94,927	Net asset value method	Net Asset	NA	NA	Unobservable

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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49 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 adequacy ratios are defined as actual capital and core capital divided by the minimum capital requirements, respectively. Comprehensive and core solvency adequacy 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 meet above regulatory requirements.

50 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Transactions with related parties except for key management personnel

(a) Significant related-party transactions between the Group and CEB is as follows:

	2023	2022
Interest income	3,122	36,163
Premium income	342	1,568
Claims payments	710,255	580,997
Fees and commissions	40	274

During the year ended 31 December 2023, the Group received the dividends from China Everbright Bank of RMB440,778 thousand (the year ended 2021, RMB466,297 thousand).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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50 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(1) Transactions with related parties except for key management personnel (continued)

(b) The balances of significant related-party transactions between the Group and CEB is as follows:

	2023	2022
Cash and short-term time deposits	172,123	150,853

(2) Key management personnel remuneration:

	2023	2022
Salaries, allowances and benefits in kind	5,588	6,479
Discretionary bonuses	5,077	6,069
Employer's contribution to a retirement benefit scheme	1,308	1,224
Total	11,973	13,772

The total compensation package for the Company's key management personnel for the year ended 31 December 2023 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 2022 were restated based on the finalised amounts determined during 2022.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

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50 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(3) 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 2023, 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 2022: same). For the year ended 31 December 2023, a large portion of its reinsurance business of the Group was with state-owned insurance companies (the year ended 31 December 2022: same).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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51 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 2023, certain subsidiaries of the Group were involved in such legal proceedings, and the amounts for specific legal claims may be significant and the cases are being investigated by relevant authorities. While the outcomes of such contingencies and legal proceedings cannot be determined at present, based on the current available information, the Group believes that they did not have a material adverse impact on the financial position as at 31 December 2023 and operating results of the Group for the twelve months ended 31 December 2023.

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

- (1) As at 31 December 2023, the Company provided maritime guarantee of RMB1,359 million (31 December 2022: RMB1,671 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 31 December 2023, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP 420 million totally (31 December 2022: GBP 350 million).
- (3) CRIH entered into two Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities total GBP 100 million and USD75 million (31 December 2022: GBP 100 million and USD75 million).

52 COMMITMENTS

Capital commitments

	31 December 2023	31 December 2022
Contracted for		
– Intangible assets commitments	12,648	27,239
– Property and equipment commitments	5,277	9,325
– Investment commitments	866,755	752,994
Total	884,680	789,558

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

53 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY

(1) Company-level statement of financial position

	31 December 2023	31 December 2022
Assets		
Cash and short-term time deposits	1,860,574	1,468,412
Financial assets at fair value through profit or loss	158,451	372,377
Financial assets held under resale agreements	623,000	100,000
Reinsurance debtors	16,017,697	6,284,901
Reinsurers' share of unearned premium reserves	230,807	287,371
Reinsurers' share of outstanding claim reserves	1,526,037	1,316,307
Reinsurers' share of life insurance reserves	2,588,316	3,339,738
Time deposits	1,070,824	1,069,435
Available-for-sale financial assets	9,772,317	12,804,703
Held-to-maturity investments	3,247,477	1,936,142
Reinsurers' share of policy loans	47,910	47,910
Long-term equity investments	45,848,494	42,959,724
Statutory deposits	9,821,318	10,021,318
Investment properties	850,929	889,617
Fixed assets	285,046	309,234
Right-of-use assets	9,748	18,507
Intangible assets	36,728	44,740
Deferred tax assets	53,369	69,431
Other assets	910,314	1,134,653
Total assets	94,959,356	84,474,520

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53 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

(1) Company-level statement of financial position (continued)

	31 December 2023	31 December 2022
Liabilities and equity		
Liabilities		
Securities sold under agreements to repurchase	4,022,000	3,681,816
Reinsurance payables	2,001,330	2,097,692
Employee benefits payable	359,997	352,709
Taxes payable	552,479	357,319
Policyholder's deposits and investments	356,598	314,167
Unearned premium reserves	5,156,976	1,491,604
Outstanding claim reserves	12,880,460	6,011,778
Life insurance reserves	2,983,847	3,799,779
Long-term health insurance reserves	2,300,608	2,286,686
Lease liabilities	7,804	17,058
Deferred tax liabilities	159,246	646,701
Other liabilities	1,892,008	1,611,262
Total liabilities	32,673,353	22,668,571
Equity		
Share capital	42,479,808	42,479,808
Capital reserves	6,837,074	7,004,643
Other comprehensive income	363,791	359,483
Surplus reserve	3,282,780	3,158,977
General risk reserve	3,282,780	3,158,977
Catastrophic loss reserve	278,229	188,149
Retained profits	5,761,541	5,455,912
Total equity	62,286,003	61,805,949
Total liabilities and equity	94,959,356	84,474,520

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024.

He Chunlei
Director

Zhuang Qianzhi
Director

Tian Meipan
Chief Actuary

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For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

53 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 2023 and 31 December 2022, 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. Other than those set out in this note, there is no material difference in recognition and measurement between PRC GAAP and the accounting policies as disclosed in note 2 of Company's consolidated financial statements for the year ended 31 December 2022.

54 NON-ADJUSTING POST BALANCE SHEET DATE EVENTS

Dividends

On 27 March 2024, the Board of Directors of the Company proposed a final dividend of RMB0.042 per ordinary share (tax inclusive) and is subject to the approval of shareholders of the Company at the 2023 annual general meeting.

55 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024.

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, 27 June 2023 and approved by the former CBIRC on 9 July 2015, 2 March 2016 and 16 January 2019 and by the National Financial Regulatory Administration on 29 January 2024
“Belt and Road Initiative”	Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road issued by the National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce of the PRC on 28 March 2015
“Board of Directors” or “Board”	the board of directors of our Company
“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 CRIH, CIC and CRAH
“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 Catastrophe”	China Re Catastrophe Risk Management Company Ltd. (中再巨災風險管理股份有限公司), a subsidiary of the Company incorporated in the PRC on 7 August 2018 and is held by China Re P&C as to 70%
“China Re DT”	China Reinsurance Digital Technology Co., Ltd. (中再保數字科技有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 10 October 2023
“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 C1 to the Hong Kong Listing Rules

DEFINITIONS

“CRAH”	China Re Australia HoldCo Pty Ltd, a company registered in Australia, the former name of which is Hanover Australia HoldCo Pty Ltd
“CRIH”	China Re International Holdings Limited, a company registered in England and Wales, the former name of which is The Hanover Insurance International Holdings Limited
“Director(s)”	the director(s) of the Company
“Group”, “China Re” 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 2024, 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 C3 to the Hong Kong Listing Rules
“NAO”	the National Audit Office of the PRC (中華人民共和國審計署)

DEFINITIONS

“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
“Reporting Period”	since 1 January 2023 until 31 December 2023
“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: 中國再保
Legal English name: China Reinsurance
(Group) Corporation
English abbreviation: China Re

REGISTERED OFFICE AND HEADQUARTERS

No. 11 Jinrong Avenue, Xicheng District,
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1618, Sun Hung Kai Centre,
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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

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LEGAL REPRESENTATIVE¹

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. China Re completed the business registration of change of legal representative of Mr. He Chunlei in February 2023.

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Empower your insurance by expertise



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