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China Reinsurance (Group) Corporation

中國再保險(集團)股份有限公司

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

(Stock Code: 1508)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors of China Reinsurance (Group) Corporation hereby announces the unaudited interim results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023, which should be read in conjunction with the following management discussion and analysis.

The Group has implemented International Financial Reporting Standards (“IFRS”) 17 – Insurance Contracts (the “**New Standard for Insurance Contracts**”) and IFRS 9 – Financial Instruments (the “**New Standard for Financial Instruments**”) (collectively, the “**New Standards**”) from 1 January 2023.

FINANCIAL STATEMENTS AND MATERIAL NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	Note	2024 (Unaudited)	2023 (Unaudited)
Operating Income			
Insurance revenue	4	51,783,901	48,465,956
Interest income	5	4,544,007	4,418,717
Investment income	6	3,820,875	(455,053)
Exchange gains/(losses), net		(25,879)	1,507,258
Other income		563,450	564,611
Total income		60,686,354	54,501,489
Operating Expense			
Insurance service expenses	4	(48,477,990)	(45,588,913)
Allocation of reinsurance premiums		(4,696,100)	(3,487,046)
Amounts recoverable from reinsurers		4,287,763	1,945,189
Finance expenses from insurance contracts issued		(2,896,870)	(3,487,797)
Finance income from reinsurance contracts held		393,699	314,482
Net impairment loss on financial assets	7	(80,596)	(261,274)
Other finance costs		(1,025,654)	(1,101,744)
Other operating and administrative expenses		(1,853,968)	(1,672,884)
Total insurance service expenses and others		(54,349,716)	(53,339,987)
Share of profit of associates		1,077,118	1,199,571
Profit before tax		7,413,756	2,361,073
Income tax	8	(1,492,193)	(294,026)
Net profit		5,921,563	2,067,047
Attributable to:			
Equity shareholders of the parent		5,726,787	2,011,676
Non-controlling interests		194,776	55,371
Earnings per share (RMB)	10		
– Basic		0.13	0.05
– Dilution		0.13	0.05

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the six months ended 30 June 2024**(Expressed in thousands of Renminbi, unless otherwise stated)*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit	<u>5,921,563</u>	<u>2,067,047</u>
Other comprehensive income for the period after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	(9,463)	(4,629)
Equity instruments designated at fair value through other comprehensive income	1,062,705	874,420
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	130,707	108,517
Fair value changes on debt instruments measured at fair value through other comprehensive income	666,192	559,834
Provision for credit losses on debt instruments measured at fair value through other comprehensive income	(4,025)	219,570
Exchange differences on translation of financial statements of foreign operations	141,308	282,218
Finance income/(expenses) from insurance contracts issued	(1,573,478)	(948,433)
Finance income/(expenses) on reinsurance contracts held	762,732	325,082
Other comprehensive income for the period after tax	<u>1,176,678</u>	<u>1,416,579</u>
Total comprehensive income for the period	<u><u>7,098,241</u></u>	<u><u>3,483,626</u></u>
Attributable to:		
Equity shareholders of the parent	6,819,528	3,391,654
Non-controlling interests	278,713	91,972
Total comprehensive income for the period	<u><u>7,098,241</u></u>	<u><u>3,483,626</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

		30 June 2024	31 December 2023
	<i>Note</i>	(Unaudited)	
Assets			
Cash and short-term time deposits		17,898,475	14,596,526
Derivative financial assets		107,255	72,318
Financial assets held under resale agreements		4,660,838	7,505,037
Financial investments:			
Financial assets measured at fair value through profit or loss	<i>11</i>	117,226,822	104,382,718
Financial assets measured at amortised cost	<i>12</i>	84,368,385	84,093,352
Debt instruments measured at fair value through other comprehensive income	<i>13</i>	110,131,187	108,546,085
Equity instruments designated at fair value through other comprehensive income	<i>14</i>	7,865,424	11,278,023
Insurance contract assets		708,842	459,221
Reinsurance contract assets		27,272,382	24,988,528
Investment contract assets		6,711,254	4,606,628
Time deposits		29,478,353	27,758,604
Statutory deposits for insurance operations		18,075,362	18,889,763
Investment properties		5,709,012	5,818,963
Property and equipment		3,529,223	3,670,265
Right-of-use assets		840,928	922,361
Intangible assets		2,229,923	2,314,198
Investments in associates	<i>15</i>	24,237,995	23,523,867
Goodwill		1,645,348	1,642,522
Deferred tax assets		5,860,198	7,805,283
Other assets		5,908,024	6,853,325
Total assets		474,465,230	459,727,587

		30 June 2024	31 December 2023
	<i>Note</i>	(Unaudited)	
Liabilities and equity			
Liabilities			
Financial liabilities measured at fair value through profit or loss		502,000	444,374
Derivative financial liabilities		305,566	312,108
Financial assets sold under repurchase agreements		57,846,861	60,308,770
Income tax payable		460,013	2,043,898
Investment contract liabilities		31,467,090	27,129,136
Insurance contract liabilities	<i>16</i>	242,474,854	239,061,469
Reinsurance contract liabilities		82,422	40,152
Notes and bonds payable		13,251,760	13,152,917
Bank loans		1,425,360	1,416,540
Lease liabilities		773,369	861,815
Deferred tax liabilities		975,820	575,563
Other liabilities		17,407,213	12,201,928
		<u>366,972,328</u>	<u>357,548,670</u>
Equity			
Share capital	<i>17</i>	42,479,808	42,479,808
Reserves		23,084,441	21,956,855
Retained earnings		32,724,451	28,816,384
		<u>98,288,700</u>	<u>93,253,047</u>
Total equity attributable to equity shareholders of the parent		98,288,700	93,253,047
Non-controlling interests		9,204,202	8,925,870
		<u>107,492,902</u>	<u>102,178,917</u>
Total equity		<u>107,492,902</u>	<u>102,178,917</u>
Total liabilities and equity		<u>474,465,230</u>	<u>459,727,587</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

Note	Attributable to equity shareholders of the parent												Total equity
	Reserves											Non-controlling interests	
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit remeasurement reserve	Fair value reserve	Insurance finance reserve	Exchange reserve	Retained earnings	Subtotal		
As at 1 January 2024	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
Profit for the period	-	-	-	-	-	-	-	-	-	5,726,787	5,726,787	194,776	5,921,563
Other comprehensive income	-	-	-	-	-	(9,463)	1,774,571	(781,817)	109,450	-	1,092,741	83,937	1,176,678
Total comprehensive income	-	-	-	-	-	(9,463)	1,774,571	(781,817)	109,450	5,726,787	6,819,528	278,713	7,098,241
Distributions to shareholders of the parent	9	-	-	-	-	-	-	-	-	(1,784,152)	(1,784,152)	-	(1,784,152)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(381)	(381)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	34,568	-	-	(34,568)	-	-	-
Others	-	277	-	-	-	-	-	-	-	-	277	-	277
As at 30 June 2024 (Unaudited)	<u>42,479,808</u>	<u>10,671,246</u>	<u>3,256,447</u>	<u>7,627,689</u>	<u>308,416</u>	<u>(45,077)</u>	<u>1,558,967</u>	<u>(218,276)</u>	<u>(74,971)</u>	<u>32,724,451</u>	<u>98,288,700</u>	<u>9,204,202</u>	<u>107,492,902</u>

Attributable to equity shareholders of the parent

	Reserves												Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit remeasurement reserve	Fair value reserve	Insurance finance reserve	Exchange reserve	Retained earnings	Subtotal			
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	
Profit for the period	-	-	-	-	-	-	-	-	-	2,011,676	2,011,676	55,371	2,067,047	
Other comprehensive income	-	-	-	-	-	(4,629)	1,719,048	(614,538)	280,097	-	1,379,978	36,601	1,416,579	
Total comprehensive income	-	-	-	-	-	(4,629)	1,719,048	(614,538)	280,097	2,011,676	3,391,654	91,972	3,483,626	
Distributions to shareholders of the parent	9	-	-	-	-	-	-	-	-	(594,717)	(594,717)	-	(594,717)	
Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	28,237	-	-	(28,237)	-	-	-	
Others	-	6,019	-	-	-	-	-	-	-	-	6,019	-	6,019	
As at 30 June 2023 (Unaudited)	<u>42,479,808</u>	<u>10,690,535</u>	<u>3,132,644</u>	<u>7,306,057</u>	<u>212,951</u>	<u>(24,473)</u>	<u>(127,822)</u>	<u>1,758,567</u>	<u>68,417</u>	<u>25,818,055</u>	<u>91,314,739</u>	<u>8,961,124</u>	<u>100,275,863</u>	

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Operating activities		
Cash (used in)/generated from operations	(404,216)	17,463,450
Income tax paid	(998,462)	(2,306,853)
Net cash flows (used in)/generated from operating activities	(1,402,678)	15,156,597
Investing activities		
Interest received	4,177,018	5,190,681
Dividends received	528,418	631,695
Purchases of property and equipment, investment properties and intangible assets	(112,064)	(118,209)
Proceeds from disposal of property and equipment, investment properties and intangible assets	38,810	68,131
Purchases of investments	(121,402,708)	(138,452,963)
Proceeds from disposal of investments	118,355,557	122,938,053
Net cash flows generated from/(used in) investing activities	1,585,031	(9,742,612)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Financing activities		
Net changes in third party investors' interests of consolidated structured entities	494,548	327,293
Net proceeds from bonds issued	–	4,000,000
Interest paid	(915,898)	(722,235)
Payments paid for lease liabilities	(199,417)	(234,133)
Net proceeds from securities sold under agreements to repurchase	(206,780)	(8,517,009)
Net cash flows used in financing activities	<u>(827,547)</u>	<u>(5,146,084)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(645,194)</u>	<u>267,901</u>
Cash and cash equivalents at the beginning of the period	17,803,419	15,416,186
Effect of foreign exchange rate changes	51,125	64,176
Cash and cash equivalents at the end of the period	<u><u>17,209,350</u></u>	<u><u>15,748,263</u></u>
Cash and short-term time deposits	17,898,295	14,246,154
Add: Financial assets held under resale agreements with original maturity of no more than three months	4,662,120	5,057,716
Less: Restricted cash and short-term time deposits	(5,351,065)	(3,555,607)
Cash and cash equivalents at the end of the period	<u><u>17,209,350</u></u>	<u><u>15,748,263</u></u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

1 CORPORATE INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (IASB), and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of new accounting standards and amendments effective from 1 January 2024 are set out in Note 2.1.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2023 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2024

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Financing Arrangements

The above amendments to the standards did not have any material impact on the interim consolidated financial statements of the Group for the six months ended 30 June 2024.

2.2 New accounting standards and amendments that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 January 2024

Amendments to IFRS 9 and IFRS 7	Classification of Financial Assets with ESG Targets and Similar Features
	Settlement of Financial Liabilities through Electronic Payment Systems
Amendments to IFRS 18	Presentation Consistency of Income Statement and Cash Flow Statement
Amendments to IFRS 19	Simplify Disclosure Requirements for Subsidiaries
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 21	Lack of Exchangeability

3 SEGMENT INFORMATION

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

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

- The property and casualty reinsurance segment, operated by the Company and subsidiaries of the Company, China Property and Casualty Reinsurance Company Ltd. ("China Re P&C"), etc. offers a wide variety of reinsurance products for various property and casualty insurance, such as motor, property, agricultural and liability insurance, and also includes the business operated by 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 75% of the Group's revenue is derived from its operations in China.

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

	For the six months ended 30 June 2024 (Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	23,474,176	5,861,356	23,157,074	-	-	(708,705)	51,783,901
Interest income	1,465,408	2,306,882	552,814	36,972	181,931	-	4,544,007
Investment income	1,285,555	1,781,533	650,818	30,319	214,454	(141,804)	3,820,875
Exchange gains/(losses), net	(84,306)	44,914	7,295	(416)	6,661	(27)	(25,879)
Other income	92,545	12,072	98,713	329,484	304,953	(274,317)	563,450
Total income	26,233,378	10,006,757	24,466,714	396,359	707,999	(1,124,853)	60,686,354
- External income	25,684,404	9,831,658	24,428,597	191,925	549,770	-	60,686,354
- Inter-segment income	548,974	175,099	38,117	204,434	158,229	(1,124,853)	-
Insurance service expenses	(21,031,093)	(5,379,966)	(22,744,391)	-	-	677,460	(48,477,990)
Allocation of reinsurance premiums	(2,600,484)	(1,385,654)	(1,384,960)	-	-	674,998	(4,696,100)
Amounts recoverable from reinsurers	2,130,835	1,672,602	1,065,863	-	-	(581,537)	4,287,763
Finance expenses from insurance contracts issued	(760,033)	(1,764,660)	(401,975)	-	-	29,798	(2,896,870)
Finance income from reinsurance contracts held	140,614	229,849	63,651	-	-	(40,415)	393,699
Net impairment loss on financial assets	(14,874)	(34,688)	(18,855)	291	(12,470)	-	(80,596)
Other finance costs	(341,970)	(495,811)	(110,249)	(4,650)	(72,974)	-	(1,025,654)
Other operating and administrative expenses	(563,527)	(322,762)	(258,959)	(187,734)	(649,863)	128,877	(1,853,968)
Total insurance service expenses and others	(23,040,532)	(7,481,090)	(23,789,875)	(192,093)	(735,307)	889,181	(54,349,716)
Share of profit of associates	113,182	580,662	13,857	(145)	416,257	(46,695)	1,077,118
Profit before tax	3,306,028	3,106,329	690,696	204,121	388,949	(282,367)	7,413,756
Income tax	(727,198)	(595,026)	(130,431)	(40,322)	(30,977)	31,761	(1,492,193)
Net profit	2,578,830	2,511,303	560,265	163,799	357,972	(250,606)	5,921,563

For the six months ended 30 June 2023 (Unaudited)

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

30 June 2024 (Unaudited)

	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	140,613,512	228,280,743	74,990,866	5,550,735	64,688,933	(39,659,559)	474,465,230
Segment liabilities	(99,395,482)	(205,557,483)	(49,567,500)	(974,164)	(14,454,199)	2,976,500	(366,972,328)

31 December 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	<u>(98,455,841)</u>	<u>(200,634,833)</u>	<u>(47,928,590)</u>	<u>(804,465)</u>	<u>(12,539,835)</u>	<u>2,814,894</u>	<u>(357,548,670)</u>

4 INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES

	Six months ended 30 June	
	2024	2023
Insurance revenue		
Contracts not measured under the PAA	17,568,671	17,139,684
Contracts measured under the PAA	34,215,230	31,326,272
Total	<u>51,783,901</u>	<u>48,465,956</u>
Insurance service expenses		
Contracts not measured under the PAA	15,106,967	14,225,853
Contracts measured under the PAA	33,371,023	31,363,060
Total	<u>48,477,990</u>	<u>45,588,913</u>

5 INTEREST INCOME

	Six months ended 30 June	
	2024	2023
Interest income		
Current and time deposits	1,032,646	965,537
Fixed maturity investment		
– Financial assets measured at amortised cost	1,678,916	1,544,501
– Debt instruments measured at fair value through other comprehensive income	1,797,733	1,880,449
Financial assets held under resale agreements	34,712	28,230
Total	<u>4,544,007</u>	<u>4,418,717</u>

6 INVESTMENT INCOME

	Six months ended 30 June	
	2024	2023
Interest, dividend and rental income (1)	2,058,390	2,040,483
Realised gains and losses (2)	(1,920,860)	(1,451,318)
Unrealised gains and losses (3)	3,683,345	(387,691)
Dilution loss from investments in associates	–	(656,527)
	<hr/>	<hr/>
Total	3,820,875	(455,053)
	<hr/> <hr/>	<hr/> <hr/>

(1) Interest, dividend and rental income

	Six months ended 30 June	
	2024	2023
Interest income		
– Financial assets measured at fair value through profit or loss	1,073,096	718,002
	<hr/>	<hr/>
Dividend income		
– Financial assets measured at fair value through profit or loss	743,808	969,672
– Equity instruments designated at fair value through other comprehensive income	86,924	201,387
	<hr/>	<hr/>
Subtotal	830,732	1,171,059
	<hr/>	<hr/>
Rental income from investment properties	154,562	151,422
	<hr/>	<hr/>
Total	2,058,390	2,040,483
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended 30 June	
	2024	2023
Dividend income		
– Listed equity securities	600,991	753,186
– Unlisted equity securities	229,741	417,873
	<hr/>	<hr/>
Total	830,732	1,171,059
	<hr/> <hr/>	<hr/> <hr/>

(2) Realised gains/(losses)

	Six months ended 30 June	
	2024	2023
Fixed maturity investment		
– Financial assets measured at fair value through profit or loss	(69,243)	(22,355)
– Debt instruments measured at fair value through other comprehensive income	12,652	126,331
Equity securities		
– Financial assets measured at fair value through profit or loss	(1,761,418)	(1,581,338)
Derivative instruments	(102,851)	26,044
Total	<u>(1,920,860)</u>	<u>(1,451,318)</u>

(3) Unrealised gains/(losses)

	Six months ended 30 June	
	2024	2023
Financial assets measured at fair value through profit or loss	4,607,919	474,199
Financial liabilities measured at fair value through profit or loss	(57,626)	(119,103)
Derivative financial assets	25,211	(54,765)
Derivative financial liabilities	9,255	(299,835)
Investment contracts measured at fair value	(901,414)	(388,187)
Total	<u>3,683,345</u>	<u>(387,691)</u>

7 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Six months ended 30 June	
	2024	2023
Financial investment:		
– Financial assets measured at amortised cost	81,261	(9,019)
– Debt instruments measured at fair value through other comprehensive income	(5,789)	262,017
Others	5,124	8,276
Total	<u>80,596</u>	<u>261,274</u>

8 INCOME TAX

	Six months ended 30 June	
	2024	2023
Current income tax		
Income tax expense at current period	805,355	733,958
Income tax adjustment at prior year	22,050	(22,410)
Deferred income tax	664,788	(417,522)
Total	<u>1,492,193</u>	<u>294,026</u>

Note: The income tax rate applied to the Company and its subsidiaries in the Chinese mainland is 25% for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 25%). Taxation for overseas subsidiaries and branches is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

9 DIVIDENDS

	Six months ended 30 June	
	2024	2023
In respect of previous year:		
2023 final dividend (declared in 2024): RMB0.042 per ordinary share	1,784,152	
2022 final dividend (declared in 2023): RMB0.014 per ordinary share		594,717

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to ordinary equity shareholders of the parent and the weighted average number of ordinary shares in issue for the six months ended 30 June 2024 and the six months ended 30 June 2023.

	Six months ended 30 June	
	2024	2023
Net profit attributable to the shareholders of the parent	5,726,787	2,011,676
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Basic earnings per share (in RMB)	0.13	0.05

There were no potential diluted ordinary shares in issue during the six months ended 30 June 2024 and the six months ended 30 June 2023, so the diluted earnings per share were the same as the basic earnings per share.

11 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024	31 December 2023
Listed		
Debt securities		
Government bonds	21,247	10,402
Financial bonds	1,026,894	580,435
Corporate bonds	18,903,779	19,752,383
Subordinated bonds	5,406,593	3,366,285
Assets backed securities	197,781	230,939
Equity securities		
Funds	10,344,567	8,653,463
Stocks	19,865,716	17,345,257
Subtotal	<u>55,766,577</u>	<u>49,939,164</u>
Unlisted		
Debt securities		
Government bonds	167,715	434,493
Financial bonds	1,292,658	1,479,845
Corporate bonds	1,564,551	1,572,335
Subordinated bonds	31,934,751	20,003,364
Debt investment plans	2,158,959	2,142,164
Trust schemes	3,119,168	3,162,548
Assets backed plans	–	183,359
Equity securities		
Investment funds	20,492,322	23,693,346
Unlisted shares	410,227	476,229
Other investment schemes	319,894	1,295,871
Subtotal	<u>61,460,245</u>	<u>54,443,554</u>
Total	<u><u>117,226,822</u></u>	<u><u>104,382,718</u></u>

12 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	30 June 2024	31 December 2023
Listed		
Government bonds	9,698,015	8,111,675
Financial bonds	1,842,584	603,225
Corporate bonds	21,705,542	24,523,980
Subordinated bonds	1,804,318	2,251,389
	<hr/>	<hr/>
Subtotal	35,050,459	35,490,269
	<hr/>	<hr/>
Unlisted		
Government bonds	611,127	1,256,368
Financial bonds	4,310,635	2,267,066
Corporate bonds	6,974,520	6,829,096
Subordinated bonds	1,526,139	3,568,682
Debt investment plans	23,084,074	22,794,513
Trust schemes	15,239,107	14,234,140
	<hr/>	<hr/>
Subtotal	51,745,602	50,949,865
	<hr/>	<hr/>
Total	86,796,061	86,440,134
Less: loss allowance	(2,427,676)	(2,346,782)
	<hr/>	<hr/>
Net	84,368,385	84,093,352
	<hr/> <hr/>	<hr/> <hr/>

13 DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024	31 December 2023
Listed		
Government bonds	10,404,380	6,156,474
Financial bonds	4,489,487	4,132,374
Corporate bonds	48,612,656	54,346,458
Subordinated bonds	3,034,619	2,585,371
	<hr/>	<hr/>
Subtotal	66,541,142	67,220,677
	<hr/>	<hr/>
Unlisted		
Government bonds	8,977,621	8,622,981
Financial bonds	22,138,678	13,962,905
Corporate bonds	12,473,746	13,082,363
Subordinated bonds	–	5,657,159
	<hr/>	<hr/>
Subtotal	43,590,045	41,325,408
	<hr/>	<hr/>
Total	110,131,187	108,546,085
	<hr/> <hr/>	<hr/> <hr/>
Including: cost	108,542,596	108,054,213
Accumulated changes in fair value	1,588,591	491,872

14 EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024	31 December 2023
Listed		
Stocks	4,535,327	7,971,588
Perpetual bonds	3,226,408	3,200,327
	<hr/>	<hr/>
Subtotal	7,761,735	11,171,915
	<hr/>	<hr/>
Unlisted		
Unlisted shares	103,689	106,108
	<hr/>	<hr/>
Subtotal	103,689	106,108
	<hr/>	<hr/>
Total	7,865,424	11,278,023
	<hr/> <hr/>	<hr/> <hr/>
Including: cost	10,615,639	15,391,823
Accumulated changes in fair value	(2,750,215)	(4,113,800)

15 INVESTMENTS IN ASSOCIATES

	30 June 2024	31 December 2023
Carrying amount		
– Listed shares	21,596,248	20,886,609
– Unlisted shares	2,641,747	2,637,258
Total	24,237,995	23,523,867

16 INSURANCE CONTRACT LIABILITIES**(1) Analysis by remaining coverage and incurred claims of insurance contracts**

	30 June 2024	31 December 2023
Liabilities for remaining coverage	84,667,885	117,635,066
Liabilities for incurred claims	157,806,969	121,426,403
Total	242,474,854	239,061,469

(2) Analysis by measurement component of insurance contracts

	30 June 2024	31 December 2023
Insurance contracts not measured under the PAA		
– Estimates of present value of future cash flows	157,503,253	162,076,863
– Risk adjustment for non-financial risk	12,322,804	10,422,830
– Contractual service margin	11,795,229	10,875,630
Insurance contracts measured under the PAA	60,853,568	55,686,146
Total	242,474,854	239,061,469

17 SHARE CAPITAL

	30 June 2024	31 December 2023
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

18 CONTINGENCIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business. The adverse effects of these contingencies and legal proceedings mainly involve claims on the Group's insurance contracts and reinsurance contracts. The Group has considered possible losses caused by such litigations when measuring insurance contract liabilities. For the six months ended 30 June 2024, certain subsidiaries of the Group were involved in such legal proceedings, and the amounts for specific legal claims may be significant and the cases are being investigated by relevant authorities. While the outcomes of such contingencies and legal proceedings cannot be determined at present, based on the current available information, the Group believes that they did not have a material adverse impact on the financial position as at 30 June 2024 and operating results of the Group for the six months ended 30 June 2024.

As at 30 June 2024, the Group had issued the following guarantees:

- (1) As at 30 June 2024, the Company provided maritime guarantee of RMB1,271 million (31 December 2023: RMB1,359 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 30 June 2024, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP420 million totally (31 December 2023: GBP420 million).
- (3) CRIH entered into two Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities total GBP100 million and USD75 million (31 December 2023: GBP100 million and USD75 million).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

Key Operating Data

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		Change (%)
	2024	2023	
Insurance revenue	51,784	48,466	6.8
Insurance revenue by business segment:			
P&C reinsurance ¹	23,474	19,986	17.5
Life and health reinsurance ¹	5,861	7,008	(16.4)
Primary P&C insurance ¹	23,157	22,580	2.6
Total investment income ²	9,647	5,590	72.6
Annualised total investment yield (%) ³	4.66	3.55	Increase by 1.11 percentage points
Net investment income ⁴	6,978	6,990	(0.2)
Annualised net investment yield (%) ³	3.90	3.96	Decrease by 0.06 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. In the calculation of an annualised total investment yield and an annualised net investment yield, only interest income, rental income from investment properties and share of profit of associates are annualised, and such treatment does not apply to dividend income, realised gains/(losses), unrealised gains/(losses), interest income from financial assets held under resale agreements, interest expenses on financial assets sold under repurchase agreements and impairment losses, etc.

Annualised total/net investment yield = Annualised total/net investment income ÷ average total investment assets at the beginning and the 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. 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 RMB100,412 million, representing a year-on-year decrease of 2.1%.

	30 June 2024		31 December 2023	
	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
The Group	161	194	155	192
Group Company	315	315	409	409
China Re P&C	161	249	152	249
China Re Life	166	212	158	216
China Continent Insurance	254	280	235	262

Notes: 1. The relevant solvency data as at 30 June 2024 were not audited or reviewed by the auditors of the Company.

2. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former 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 the first half of 2024, the Group had always adhered to the general tone of “seeking progress while ensuring stability, enhancing value” and the business philosophy of “expanding business scale, increasing underwriting profits and making prudent investment”. The Group actively responded to internal and external challenges, strengthened refined management, and strove to enhance core competitiveness, taking solid steps towards high-quality development. Firstly, the Group saw stable and healthy growth in insurance revenue, which amounted to RMB51,784 million, representing a year-on-year increase of 6.8%. Secondly, the Group’s operational efficiency continuously improved. Its underwriting profit kept improving, while investment income significantly increased. The solvency and international ratings of the Group remained stable. During the Reporting Period, we maintained “A (Excellent)” by A.M. Best and “A” by S&P Global Ratings, with our financial condition remaining stable.

Key Financial Indicators

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

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

	For the six months ended 30 June		Change (%)
	2024	2023	
Operating income	60,686	54,501	11.3
Profit before tax	7,414	2,361	214.0
Net profit	5,922	2,067	186.5
Net profit attributable to equity shareholders of the parent company	5,727	2,012	184.6
Earnings per share (RMB)	0.13	0.05	184.6
Annualised weighted average return on equity (%) ¹	11.85	4.46	Increase by 7.39 percentage points

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

In the first half of 2024, net profit attributable to equity shareholders of the parent company of the Group was RMB5,727 million, representing a year-on-year increase of 184.6%, mainly due to the fact that we adhered to the business philosophy of “expanding business scale, increasing underwriting profits and making prudent investment”, and made balanced efforts in both ends of underwriting and investment, so that our underwriting performance continuously improved and investment income achieved year-on-year growth. The significant increase in investment income was due to the fact that we actively grasped market opportunities to increase investment income, while the measurement of investment business-related profit became more sensitive to changes in the capital market under the New Standard for Financial Instruments.

Unit: in RMB millions, unless otherwise stated

	30 June 2024	31 December 2023	Change (%)
Total assets	474,465	459,728	3.2
Total liabilities	366,972	357,549	2.6
Total equity	107,493	102,179	5.2
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.31	2.20	5.4

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

P&C REINSURANCE BUSINESS

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

In the first half of 2024, we focused on consolidating the leading position in domestic reinsurance market, and continued to facilitate the establishment of platforms for domestic commercial insurance business and national policy-oriented business, strengthen the innovation-driven model and technological application, adhere to risk reduction services, and create new value while giving full play to our professional advantages. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We vigorously developed emerging businesses such as construction inherent defects insurance (IDI), safety production liability insurance, catastrophe insurance and cyber securities insurance, and thus our business structure continued to optimise.

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

In the first half of 2024, the insurance revenue from our P&C reinsurance segment amounted to RMB23,474 million, representing a year-on-year increase of 17.5% and accounting for 44.7% of insurance revenue of the Group (before inter-segment eliminations). In particular, the insurance revenue from our domestic P&C reinsurance business amounted to RMB12,477 million, representing a year-on-year increase of 24.9%, and the insurance revenue from our overseas P&C reinsurance and Chaucer business amounted to RMB10,942 million, representing a year-on-year increase of 10.2%. The increase in insurance revenue from our P&C reinsurance segment was mainly due to the fact that we seized the opportunities of rising rates and ceding in international market to actively expand new business. Net profit amounted to RMB2,579 million, representing a year-on-year increase of 246.6%. The increase in net profit was mainly due to: in addition to the increase in investment income, we adhered to the high-quality development strategy and actively seized market opportunities to develop advantageous businesses, resulting in significant improvement in underwriting efficiency. We strove to consolidate our position as the main channel in the domestic reinsurance market, continued to promote the platform construction for domestic commercial insurance business and national policy-oriented business, strengthened innovation-driven and technology application, adhered to risk reduction services, and created new value by leveraging our professional advantages. In the field of overseas business, we continued to adhere to high-quality development, constantly optimised management mechanisms, strengthened risk management and control, adapted to market cycles, and adjusted business structure, so that our operations continued to improve.

Financial Analysis

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		Change (%)
	2024	2023	
Insurance revenue	23,474	19,986	17.5
Interest income	1,465	1,240	18.1
Investment income	1,286	161	698.8
Exchange gains/(losses), net	(84)	370	–
Other income	93	73	27.4
Total income	26,233	21,830	20.2
Insurance service expenses	(21,031)	(17,725)	18.7
Allocation of reinsurance premiums	(2,600)	(2,670)	(2.6)
Amounts recoverable from reinsurers	2,131	856	148.9
Finance expenses from insurance contracts issued	(760)	(886)	(14.2)
Finance income from reinsurance contracts held	141	167	(15.6)
Net impairment loss on financial assets	(15)	(17)	(11.8)
Other finance costs	(342)	(397)	(13.9)
Other operating and administrative expenses	(564)	(461)	22.3
Total insurance service expense and others	(23,040)	(21,133)	9.0
Share of profit of associates	113	180	(37.2)
Profit before tax	3,306	877	277.0
Income tax	(727)	(133)	446.6
Net profit	2,579	744	246.6

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

Insurance revenue

Insurance revenue of our P&C reinsurance segment increased by 17.5% from RMB19,986 million in the first half of 2023 to RMB23,474 million in the first half of 2024, mainly due to the fact that we seized the opportunities of rising rates and ceding in international market to actively expand new business.

Interest income

Interest income from our P&C reinsurance segment increased by 18.1% from RMB1,240 million in the first half of 2023 to RMB1,465 million in the first half of 2024. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our P&C reinsurance segment increased by 698.8% from RMB161 million in the first half of 2023 to RMB1,286 million in the first half of 2024. 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 18.7% from RMB17,725 million in the first half of 2023 to RMB21,031 million in the first half of 2024, 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 decreased by 37.2% from RMB180 million in the first half of 2023 to RMB113 million in the first half of 2024, mainly due to the decline in operating results of invested enterprises in the first half of 2024.

Net profit

As a result of the foregoing reasons, net profit for our P&C reinsurance segment increased by 246.6% from RMB744 million in the first half of 2023 to RMB2,579 million in the first half of 2024.

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 the first half of 2024, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB21,192 million, representing a year-on-year decrease of 12.8%. The combined ratio was 99.64%, representing a year-on-year decrease of 0.01 percentage points.

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

	For the six months ended 30 June		Change
	2024	2023	
Loss ratio (%)	68.24	65.01	Increase by 3.23 percentage points
Expense ratio (%)	31.40	34.64	Decrease by 3.24 percentage points
Combined ratio (%)	99.64	99.65	Decrease by 0.01 percentage points

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

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	20,093	94.8	23,450	96.5
Facultative reinsurance	1,099	5.2	861	3.5
Total	21,192	100.0	24,311	100.0

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

Unit: in RMB millions, except for percentages

Form of cession	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	20,849	98.4	24,006	98.7
Non-proportional reinsurance	342	1.6	305	1.3
Total	21,192	100.0	24,311	100.0

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

Unit: in RMB millions, except for percentages

Business channel	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	19,353	91.3	22,784	93.7
Via broker	1,838	8.7	1,527	6.3
Total	21,192	100.0	24,311	100.0

Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, we offer a wide variety of P&C reinsurance coverage catering to the business characteristics of the PRC market. Our lines of business cover a wide range of P&C insurance types in the PRC, mainly including motor, commercial property, liability, agriculture and engineering insurance. By continuously improving our technical strength, we actively captured the opportunities brought by the transformation and development of the market, and achieved rapid growth in emerging business sectors such as construction inherent defects insurance (IDI), safety production liability insurance, catastrophe insurance and cyber securities insurance, with total reinsurance premium income recorded at RMB1,709 million.

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2024		YoY	2023	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Motor	6,075	28.7	0.1	6,072	25.0
Commercial property	4,398	20.8	15.7	3,800	15.6
Liability	3,808	18.0	19.0	3,200	13.2
Agriculture	2,436	11.5	(59.0)	5,934	24.4
Engineering	1,275	6.0	(20.6)	1,607	6.6
Others ¹	3,200	15.1	(13.5)	3,697	15.2
Total	21,192	100.0	(12.8)	24,311	100.0

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

Motor reinsurance. In the first half of 2024, the reinsurance premium income from motor insurance business amounted to RMB6,075 million, representing a year-on-year increase of 0.1%, and the premium volume steadily increased.

Commercial property reinsurance. In the first half of 2024, the reinsurance premium income from commercial property insurance business amounted to RMB4,398 million, representing a year-on-year increase of 15.7%, mainly due to the increase in the scale of premiums ceded to reinsurers in the market.

Liability reinsurance. In the first half of 2024, the reinsurance premium income from liability insurance business amounted to RMB3,808 million, representing a year-on-year increase of 19.0%, mainly due to the fact that we stepped up our efforts in promotion of businesses such as construction inherent defects insurance (IDI), safety production liability insurance and cyber securities insurance.

Agriculture reinsurance. In the first half of 2024, the reinsurance premium income from agriculture insurance business amounted to RMB2,436 million, representing a year-on-year decrease of 59.0%. We actively explored and developed commercial agriculture reinsurance, while promoting innovation of our agriculture insurance products.

Engineering reinsurance. In the first half of 2024, the reinsurance premium income from engineering insurance business amounted to RMB1,275 million, representing a year-on-year decrease of 20.6%, mainly due to optimisation of business structure and the fact that we proactively reduced the business scale.

Clients and Client Services

In the first half of 2024, 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. We continue to promote the optimisation and upgrading of our customer service model and provide customised solutions that closely met customer needs. 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 the first half of 2024, we seized the overall trend of rising rates and proactively adjusted business structure to expand the scale of our advantageous businesses, 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 RMB16,331 million, representing a year-on-year increase of 17.30%. The combined ratio was 89.09%, which almost remained flat compared to the same period last year.

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

	For the six months ended 30 June		Change
	2024	2023	
Loss ratio (%)	50.82	50.53	Increase by 0.29 percentage points
Expense ratio (%)	38.27	37.92	Increase by 0.35 percentage points
Combined ratio (%)	89.09	88.45	Increase by 0.64 percentage points

Overseas P&C Reinsurance Business

In the first half of 2024, the reinsurance premium income from our overseas P&C reinsurance business amounted to RMB2,805 million, representing a year-on-year increase of 2.0%. The growth in premium income was mainly due to the rising rates of underlying businesses, and the fact that we seized the opportunity of rising rates in the international market to actively expand new business, which proved effective. The combined ratio significantly decreased, which was mainly due to the higher base in the same period last year as a result of the losses incurred by the earthquake in Turkey.

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

	For the six months ended 30 June		Change
	2024	2023	
Loss ratio (%)	68.08	79.90	Decrease by 11.82 percentage points
Expense ratio (%)	28.24	24.63	Increase by 3.61 percentage points
Combined ratio (%)	96.32	104.53	Decrease by 8.21 percentage points

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

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

Unit: in RMB millions, except for percentages

Type of business	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	2,696	96.1	2,599	94.5
Facultative reinsurance	109	3.9	152	5.5
Primary insurance	—	—	—	—
Total	2,805	100.0	2,751	100.0

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

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2024		YoY Change (%)	2023	
	Amount	Percentage (%)		Amount	Percentage (%)
Non-marine	1,980	70.6	6.8	1,854	67.4
Specialty	373	13.3	(4.4)	390	14.2
Liability	159	5.7	(8.6)	174	6.3
Others ¹	293	10.4	(12.0)	333	12.1
Total	2,805	100.0	2.0	2,751	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 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 their profitable ceding business. We established comprehensive cooperation relationship network with various internationally renowned major ceding companies and increased our efforts in developing quality regional clients by leveraging the geographical advantages of different international platforms which all contributed to significant results in expansion of quality client base.

In terms of service ability, our quotation ability continued to improve, and our service quality received more client recognition. Leveraging our talents and technology advantages as well as years of experience in international business operations, we were able to better serve local clients in the PRC by providing more products and cooperation solutions for international reinsurance practise, and exert our synergy advantages between domestic and overseas businesses especially in promoting the “Belt and Road” related business development and in safeguarding the overseas interests of Chinese clients.

Chaucer Business

In the first half of 2024, Chaucer leveraged its own professional advantages to seize the opportunity of rising rates in the market, actively explored business opportunities, optimised business portfolios, and effectively controlled expense ratio. The gross written premiums amounted to RMB13,526 million, representing a year-on-year increase of 21.1%; the combined ratio was 87.22%¹, representing a year-on-year increase of 4.56 percentage points; the return on economic capital (ROEC) was 11.9%². The premium of contracts led by Chaucer accounted for approximately 50% of its overall gross written premiums. Chaucer is one of a limited number of Lloyd's market entities that gained market recognition in respect of both of its underwriting and claims fronts.

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

	For the six months ended 30 June		Change
	2024	2023	
Loss ratio (%)	46.36	39.95	Increase by 6.41 percentage points
Expense ratio (%)	40.86	42.71	Decrease by 1.85 percentage points
Combined ratio (%)	87.22	82.66	Increase by 4.56 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 82.74%, which was different from that under the IFRS 4, mainly due to the different treatment for reserve discounting and risk margin.

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

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

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

Unit: in RMB millions, except for percentages

Type of business	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	6,856	50.7	6,056	54.2
Facultative reinsurance	1,774	13.1	1,485	13.3
Primary insurance	4,896	36.2	3,631	32.5
Total	13,526	100.0	11,172	100.0

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2024		YoY Change (%)	2023	
	Amount	Percentage (%)		Amount	Percentage (%)
Casualty and political risk/credit insurance	1,774	13.1	17.0	1,516	13.6
Marine, energy, space and aviation, nuclear insurance	2,130	15.7	(0.9)	2,149	19.2
Property and political violence	2,352	17.4	26.0	1,867	16.7
Others ¹	7,270	53.8	28.9	5,640	50.5
Total	13,526	100.0	21.1	11,172	100.0

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

In terms of development strategy, in the first half of 2024, Chaucer followed the trend of rising rates in the market, further focused on the direction of business development, and deployed business resources more specifically in Chaucer's core business areas. In the long run, Chaucer will continue to focus on the development of its core business which will further consolidate Chaucer's sustainable, differentiated and influential market leading position in this segment.

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

In terms of professional capability, with an excellent management team and more than 110 experienced underwriters, we were able to deliver customised risk solutions to the market, having distinctive reputation in the market across 45 specialty lines, including political risk and nuclear insurance, etc. Our outstanding claims team with over 100 years of claims handling experience in London market is 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" 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 and set up a joint working group in the Lloyd's market to promote the establishment of ESG market standards. In addition, Chaucer has joined the United Nations Principles for Sustainable Insurance (UN PSI) and become one of the signatories of over 150 major global insurance and reinsurance companies.

CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In the first half of 2024, our reinsurance premium income via the CNIP platform amounted to RMB96 million.

LIFE AND HEALTH REINSURANCE BUSINESS

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

In the first half of 2024, although the downward pressure on domestic macroeconomics has eased, in the context of continued decline in interest rates in the market, savings products were still the main products to drive market growth. In the overseas market, business costs for the savings-type reinsurance business in Hong Kong and Singapore markets remained high, where competition was fierce in the reinsurance market. Adhering to the general tone of “seeking progress while ensuring stability”, we continued to optimise our business structure, proactively pursued innovative development, and effectively managed risks and responded to external challenges. We strategically developed the protection-type reinsurance business, and leveraged the integration of data, products and industry to facilitate the supply-side structural reform of the industry. We led key projects of the industry including 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 (《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》) and the review of the empirical incidence rates of major diseases in the life and health insurance industry, empowering the infrastructure construction of the industry. To actively implement Healthy China Action and develop Inclusive Finance, we developed innovative products such as long-term care insurance and disability insurance. We also promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. Moreover, we controlled the underwriting pace of savings-type reinsurance business, 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 inforce business. We continued paying close attention to the credit risk and compliance risk of our counterparties. We are in a solid competitive position in both the mainland and Hong Kong markets. In the mainland market, we have maintained the highest proportion of reinsurance contracts being entered into as leading reinsurer in all reinsurance contracts.

In the first half of 2024, insurance revenue from our life and health reinsurance segment amounted to RMB5,861 million, representing a year-on-year decrease of 16.4% and accounting for 11.2% of the Group’s gross insurance revenue (before inter-segment eliminations). The decrease in insurance revenue was mainly due to the decline of protection-type business. Net profit amounted to RMB2,511 million, representing a year-on-year increase of 326.3%. The increase in net profit was mainly due to the fact that in addition to the increase in investment income, we insisted on innovation-driven and stringent risk control to ensure stable business quality. We continued to optimise our business structure, actively innovated and developed, effectively controlled risks and responded to external challenges. We strategically developed protection-type reinsurance business; controlled the underwriting pace of savings-type reinsurance business, attaching great importance on cost control and asset-liability management; developed new financial reinsurance business under the premise of compliance and improved management of inforce business, paying close attention to the credit risk and compliance risk of our counterparties.

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

Financial Analysis

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		Change (%)
	2024	2023	
Insurance revenue	5,861	7,008	(16.4)
Interest income	2,307	2,333	(1.1)
Investment income	1,782	(641)	–
Exchange gains/(losses), net	45	1,105	(95.9)
Other income	12	10	20.0
Total income	10,007	9,815	2.0
Insurance service expenses	(5,380)	(7,435)	(27.6)
Allocation of reinsurance premiums	(1,386)	(451)	207.3
Amounts recoverable from reinsurers	1,673	1,191	40.5
Finance expenses from insurance contracts issued	(1,765)	(2,241)	(21.2)
Finance income from reinsurance contracts held	230	113	103.5
Net impairment loss on financial assets	(35)	(241)	(85.5)
Other finance costs	(496)	(535)	(7.3)
Other operating and administrative expenses	(323)	(214)	50.9
Total insurance service expense and others	(7,481)	(9,813)	(23.8)
Share of profit of associates	581	594	(2.2)
Profit before tax	3,106	597	420.3
Income tax	(595)	(8)	7,337.5
Net profit	2,511	589	326.3

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

Insurance revenue

Insurance revenue of our life and health reinsurance segment decreased by 16.4% from RMB7,008 million in the first half of 2023 to RMB5,861 million in the first half of 2024, mainly due to the decline of protection-type business.

Investment income

Investment income from our life and health reinsurance segment increased by RMB2,423 million from RMB-641 million in the first half of 2023 to RMB1,782 million in the first half of 2024. 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 27.6% from RMB7,435 million in the first half of 2023 to RMB5,380 million in the first half of 2024, mainly due to the combined effect of the decrease in scale of some existing businesses and loss-making contracts.

Finance expenses from insurance contracts issued

Finance expenses from insurance contracts issued from our life and health reinsurance segment decreased by 21.2% from RMB2,241 million in the first half of 2023 to RMB1,765 million in the first half of 2024, mainly due to foreign exchange rate changes.

Share of profit of associates

Share of profit of associates from our life and health reinsurance segment decreased by 2.2% from RMB594 million in the first half of 2023 to RMB581 million in the first half of 2024, which was mainly due to the decrease in profit of associates in the first half of 2024.

Net profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment increased by 326.3% from RMB589 million in the first half of 2023 to RMB2,511 million in the first half of 2024.

Business Analysis

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

In terms of business line, the protection-type reinsurance business overcame the impact of weak industry growth and took the initiative to innovate and develop; the savings-type business continuously strengthened the assets and liabilities management and domestic and overseas interconnection; and the financial reinsurance business adhered to the compliance baseline and continued to improve risk management level.

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

Unit: in RMB millions, except for percentages

Business line	For the six months ended 30 June				
	2024		YoY Change (%)	2023	
	Amount	Percentage (%)		Amount	Percentage (%)
Domestic protection-type reinsurance	14,173	39.5	(8.9)	15,559	40.7
Domestic savings-type reinsurance	10,399	29.0	(27.0)	14,237	37.2
Domestic financial reinsurance	9,126	25.4	79.8	5,077	13.3
Domestic in total	33,698	94.0	(3.4)	34,872	91.1
Overseas savings-type reinsurance	683	1.9	(63.8)	1,886	4.9
Other overseas business	1,487	4.1	(1.1)	1,504	3.9
Overseas in total	2,170	6.0	(36.0)	3,390	8.9
Total	35,868	100.0	(6.3)	38,262	100.0

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

Domestic Life and Health Reinsurance Business

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

In the first half of 2024, reinsurance premium income from the domestic life and health reinsurance business amounted to RMB33,698 million, representing a year-on-year decrease of 3.4%.

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB14,173 million in the first half of 2024, representing a year-on-year decrease of 8.9%, which was affected by industry transformation as well as the sources and demand of new protection-type business. However, the business structure was optimised. Of which, reinsurance premium income of RMB5,354 million was from the yearly renewable term protection-type business¹ and RMB6,739 million was from the mid-end and long-term medical care insurance business, and the total share increased by 4.0 percentage points. Facing severe business environment, we actively took the following countermeasures. Firstly, we deeply cultivated major business areas to capture key customers and main product opportunities, made use of innovative laboratories and other methods to promote product iteration and innovation, effectively controlled risks, promoted business cooperation, and achieved long-term win-win cooperation with customers. Secondly, 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. Thirdly, we continuously served national strategies such as Healthy China and Inclusive Finance by constantly providing customised reinsurance support plans for specific groups of people such as Hui Min Bao and Hui Gong Bao. Fourthly, we continued to promote industrial integration and innovation, and carried out innovative cooperation on payment model around Internet outpatient insurance, special medicine, chronic disease management and other fields, realising normalised underwriting of profitable businesses. Under the combined effect of innovation-driven and stringent risk control, we ensured stable quality of our business. The combined ratio (excluding operating and administrative expenses) after retrocession of the overall short-term protection-type business of the Company was 96.60%, with underwriting profits of RMB361 million.

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

In respect of the savings-type reinsurance business, given the persistently rigid costs of domestic business, we strengthened asset-liability matching management and reasonably seized business opportunities. The reinsurance premium income amounted to RMB10,399 million in the first half of 2024, representing a year-on-year decrease of 27.0%, which was due to the completion of larger orders in the same period last year resulting in a higher base.

In respect of the financial reinsurance business, we continuously strengthened compliance and risk management and pursued the management of inforce businesses to enhance the efficiency of capital usage. The reinsurance premium income amounted to RMB9,126 million in the first half of 2024.

Overseas Life and Health Reinsurance Business

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

In the first half of 2024, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB2.17 billion, representing a year-on-year decrease of 36.0%, of which the reinsurance premium income from China Re Life and China Re HK (both after intra-segment eliminations) amounted to RMB1,584 million and RMB586 million, respectively.

In respect of the overseas savings-type reinsurance business, given the persistently high costs of overseas business, the Company insisted on prioritising cost and selectively underwrote new businesses at the right opportunities. The reinsurance premium income amounted to RMB683 million in the first half of 2024, representing a year-on-year decrease of 63.8%.

In respect of other overseas business, the Company actively promoted business diversification and explored innovative business models. The reinsurance premium income amounted to RMB1,487 million in the first half of 2024, representing a year-on-year decrease of 1.1%.

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	35,828	99.9	38,215	99.9
Facultative reinsurance	40	0.1	47	0.1
Total	35,868	100.0	38,262	100.0

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

Unit: in RMB millions, except for percentages

Form of cession	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	35,845	99.9	38,206	99.9
Non-proportional reinsurance	23	0.1	56	0.1
Total	35,868	100.0	38,262	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 six months ended 30 June				
	2024		YoY Change (%)	2023	
	Amount	Percentage (%)		Amount	Percentage (%)
Life reinsurance	21,935	61.2	(5.8)	23,279	60.8
Health reinsurance	13,041	36.4	(5.7)	13,832	36.2
Accident reinsurance	892	2.5	(22.5)	1,151	3.0
Total	35,868	100.0	(6.3)	38,262	100.0

PRIMARY P&C INSURANCE BUSINESS

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

In the first half of 2024, insurance revenue from our primary P&C insurance segment amounted to RMB23,157 million, representing a year-on-year increase of 2.6% and accounting for 44.1% of gross insurance revenue of the Group (before inter-segment eliminations). Net profit amounted to RMB560 million, representing a year-on-year increase of 275.8%. The increase in net profit was mainly due to the fact that in addition to the increase in investment income, the insurance business-related profit improved year-on-year. Guided by the new blueprint of “Value Continent”, we steadily promoted internal transformation, and continued to consolidate fundamental management, achieving steady growth in scale, underwriting profits, and business development.

Based on primary premium income of P&C insurance companies in the domestic market in the first half of 2024, as disclosed by the industry, we maintained leading market share in domestic primary P&C insurance business.

Financial Analysis

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		Change (%)
	2024	2023	
Insurance revenue	23,157	22,580	2.6
Interest income	553	625	(11.5)
Investment income	651	100	551.0
Exchange gains/(losses), net	7	31	(77.4)
Other income	99	75	32.0
Total income	<u>24,467</u>	<u>23,411</u>	4.5
Insurance service expenses	(22,744)	(22,009)	3.3
Allocation of reinsurance premiums	(1,385)	(1,495)	(7.4)
Amounts recoverable from reinsurers	1,066	913	16.8
Finance expenses from insurance contracts issued	(402)	(388)	3.6
Finance income from reinsurance contracts held	64	74	(13.5)
Net impairment loss on financial assets	(19)	(1)	1,800.0
Other finance costs	(110)	(98)	12.2
Other operating and administrative expenses	(259)	(299)	(13.4)
Total insurance service expense and others	<u>23,790</u>	<u>23,302</u>	2.1
Share of profit of associates	14	14	–
Profit before tax	691	122	466.4
Income tax	(130)	27	–
Net profit	<u>560</u>	<u>149</u>	275.8

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

Insurance revenue

Insurance revenue of our primary P&C insurance segment (including reinsurance contracts ceded in) increased by 2.6% from RMB22,580 million in the first half of 2023 to RMB23,157 million in the first half of 2024, mainly due to the effect of business growth.

Interest income

Interest income from our primary P&C insurance segment decreased by 11.5% from RMB625 million in the first half of 2023 to RMB553 million in the first half of 2024. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our primary P&C insurance segment increased by 551.0% from RMB100 million in the first half of 2023 to RMB651 million in the first half of 2024. 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 primary P&C insurance segment increased by 3.3% from RMB22,009 million in the first half of 2023 to RMB22,744 million in the first half of 2024, mainly due to the increase in loss ratio.

Allocation of reinsurance premiums

Allocation of reinsurance premiums from our primary P&C insurance segment decreased by 7.4% from RMB1,495 million in the first half of 2023 to RMB1,385 million in the first half of 2024, mainly due to the year-on-year decrease in premiums ceding ratio.

Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment increased by 275.8% from RMB149 million in the first half of 2023 to RMB560 million in the first half of 2024.

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 six months ended 30 June				
	2024		YoY Change (%)	2023	
	Amount	Percentage (%)		Amount	Percentage (%)
Motor insurance	12,868	45.8	3.0	12,499	45.0
Accident and short-term health insurance	7,693	27.4	13.7	6,768	24.4
Liability insurance	2,092	7.4	(9.2)	2,304	8.3
Surety insurance	1,534	5.5	(41.0)	2,601	9.4
Agriculture insurance	1,339	4.8	13.7	1,177	4.2
Cargo insurance	799	2.8	2.5	780	2.8
Others ¹	1,769	6.3	8.2	1,635	5.9
Total	28,094	100.0	1.2	27,764	100.0

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

Motor Insurance. In the first half of 2024, primary premium income from our motor insurance amounted to RMB12,868 million, representing a year-on-year increase of 3.0%. Adhering to the business philosophy of “upholding the main line of cost, focusing on process monitoring, deepening the overall layout, strictly preventing systematic risks”, and with the management of policy cost as the core, we continued to deepen professional operations, improved pricing capabilities, promoted collaboration between products and channels, and pursued professional operations in specialised sectors to promote the healthy and stable development of motor insurance business. Based on the implementation principle of “product traction, channel connection, organisational integration”, a joint effort of products, channels, and organisations was formed to achieve the objectives of dynamic adjustment of business development and overall cost control. Focusing on structural optimisation, we vigorously promoted the improvement of benefit and risk level for household vehicles, optimised the development model for non-household vehicles, and achieved cost improvement through refined management. We continued to strengthen the functional optimisation of underwriting management, optimised processes to lay a solid foundation, steadily promoted the construction of pricing capabilities, accelerated the construction of smart operating systems, and iterated technologies to improve quality and efficiency.

Accident and Short-term Health Insurance. In the first half of 2024, primary premium income from accident and short-term health insurance amounted to RMB7,693 million, representing a year-on-year increase of 13.7%. We promoted classified operations, adopted the project manager system to strengthen the construction of business organising and marketing capabilities of individuals, deepened the integrated sales of insurance + services, explored and promoted online operations of customer groups; focused on multiple dimensions such as “specific groups of people”, “specific scenarios”, “specific protection” and “specific services” to explore the integrated marketing of products + services, continued to promote the customer-oriented comprehensive operation to meet individual demands of customers; actively served the national strategies, participated in various livelihood protection businesses such as major illness insurance for urban and rural residents, large amount insurance for urban employees, nursing care insurance and Hui Min Bao; constantly explored insurance products for new citizens, the old and young and women, vigorously developed personal commercial health insurance, and actively participated in the construction of a multi-level medical security system, so as to assume the function of insurance in serving the society.

Liability Insurance. In the first half of 2024, primary premium income from liability insurance amounted to RMB2,092 million, representing a year-on-year decrease of 9.2%. Our liability insurance proactively eliminated loss-making businesses, and the scale of clean-up of loss-making businesses in the first half of 2024 exceeded RMB0.3 billion. We comprehensively promoted the business development of safety production liability insurance, carrier liability insurance, and litigation preservation liability insurance. Actively promoting business innovation, we explored emerging areas such as smart driving. Our cyber securities insurance solution was selected into the typical service solution catalogue by the Ministry of Industry and Information Technology. The overall business structure was significantly optimised, and the actuarial loss ratio continued to decline.

Surety Insurance. In the first half of 2024, primary premium income from surety insurance amounted to RMB1,534 million, representing a year-on-year decrease of 41.0%. The cumulative bad debt rate of personal loan surety insurance business was 9.26%, representing a decrease of 0.6 percentage points compared to that of the same period last year. We persisted with the development concept of prioritising risk control, constantly enhancing risk identification ability, and steadily improving management efficiency. We actively played the financial service role of financing surety insurance to help micro, small and medium-sized enterprises steadily develop. In the first half of 2024, we provided risk protection for approximately 22.3 thousand micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB4,906 million.

Agriculture Insurance. In the first half of 2024, primary premium income from agriculture insurance amounted to RMB1,339 million, representing a year-on-year increase of 13.7%. 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. 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, 138 products including 61 innovative products were developed and filed.

Cargo Insurance. In the first half of 2024, primary premium income from cargo insurance amounted to RMB799 million, representing a year-on-year increase of 2.5%. Impacted by multiple factors, the growth rate slowed down, and the main source of increase was currently return freight 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 six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Insurance agents	14,154	50.4	14,232	51.3
Of which: Individual insurance agents	8,432	30.0	8,322	30.0
Ancillary insurance agencies	733	2.6	745	2.7
Professional insurance agencies	4,990	17.8	5,165	18.6
Direct sales	10,536	37.5	10,062	36.2
Insurance brokers	3,403	12.1	3,470	12.5
Total	28,094	100.0	27,764	100.0

Analysis by Region

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

Unit: in RMB millions, except for percentages

Region	For the six months ended 30 June			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Shanghai	3,003	10.7	4,022	14.5
Zhejiang	2,205	7.9	2,333	8.4
Yunnan	2,045	7.3	1,975	7.1
Jiangxi	1,601	5.7	1,516	5.5
Inner Mongolia	1,435	5.1	1,386	5.0
Shandong	1,413	5.0	1,409	5.1
Sichuan	1,380	4.9	1,207	4.3
Henan	1,230	4.4	958	3.5
Shaanxi	1,047	3.7	1,007	3.6
Guangdong	1,017	3.6	1,018	3.7
Others	11,717	41.7	10,931	39.4
Total	28,094	100.0	27,764	100.0

Combined Ratio

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

	For the six months ended 30 June	
	2024	2023
Loss ratio (%)	71.99	68.08
Expense ratio (%) ¹	27.87	32.78
Combined ratio (%)	99.86	100.86

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

ASSET MANAGEMENT BUSINESS

In the first half of 2024, as the external environment has become more complex and severe, the world economic growth momentum was not strong, inflation showed a downward trend from the peak but remained sticky, and the economic growth and monetary policies of major economies diverged. China's economy was generally stable, making progress while maintaining stability with high-quality development solidly advanced. However, it still faced challenges such as insufficient effective demand and weak social expectations. In the first half of 2024, A-share and Hong Kong stock markets showed structural trends, with the high-dividend sector relatively dominant; domestic bond interest rates showed a downward trend, with the curves flattened.

As at the end of the Reporting Period, the balance of assets under the management of the Group amounted to RMB724,736 million, of which the total investment assets balance of the Group was RMB361,105 million, representing an increase of 4.5% from the end of the previous year; the balance of assets of third parties under management was RMB363,631 million, representing a decrease of 4.1% from the end of the previous year.

Investment Portfolio

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

Unit: in RMB millions, except for percentages

Investment assets	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	17,898	5.0	14,597	4.2
Fixed-income investments	312,508	86.5	299,711	86.8
Time deposits	29,478	8.2	27,759	8.0
Bonds	218,889	60.5	205,125	59.5
Government bonds	29,879	8.3	24,591	7.1
Financial bonds	35,100	9.7	23,021	6.7
Enterprise (corporate) bonds	110,208	30.4	120,081	34.9
Subordinated bonds	43,702	12.1	37,432	10.8
Other fixed-income investments ¹	64,141	17.8	66,827	19.3
Equity and investment funds	59,298	16.4	62,742	18.2
Investment funds ²	30,837	8.5	32,347	9.4
Stocks	24,401	6.8	25,317	7.4
Unlisted equity shares ³	834	0.2	1,878	0.5
Others	3,226	0.9	3,200	0.9
Other investments	29,248	8.1	28,659	8.3
Investment in associates	24,238	6.7	23,524	6.8
Others ⁴	5,010	1.4	5,135	1.5
Financial assets sold under repurchase agreements	(57,847)	(16.0)	(60,309)	(17.5)
Total investment assets	361,105	100.0	345,400	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 asset management products and unlisted equity investments.
 4. Including investment properties, currency swaps, etc.

In terms of investment management, we adhered to the general tone of “seeking progress while ensuring stability, enhancing value” amid significant market fluctuations, and firmly established the business philosophy of “making prudent investment”. We maintained asset allocation to adapt to market changes, and strengthened active response and refined management to continuously optimise the management model of high-dividend portfolio. In terms of domestic fixed-income investments, we mastered the relatively high yield since the beginning of the year and increased the allocation of long-term bonds to extend the duration; strengthened liquidity management and maintained appropriate leverage to obtain stable returns; continued to optimise the credit structure of positions and enhanced the overall credit quality of the assets held. As for overseas fixed-income investments, we leveraged the allocation value at the peak of rate cycle, increased the allocation of high-grade corporate bonds, and extended the duration to optimise credit structure of the assets held and improve medium- and long-term returns. As for secondary equity investment, we optimised the investment research system, and the investment allocation structure was significantly tilted towards high-dividend portfolio such as value dividends and resource types, so as to effectively seize structural opportunities in the market. For alternative investments, we kept paying attention to high-growth quality enterprises and prudently selected our new and premium investments, continuing to improve the stability of rental income from real estate investments.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life, China Continent Insurance and products from insurance asset managers for management¹ with China Re AMC acting as the trustee, domestic credit bond investment accounted for 14.56% of entrusted assets under the management of China Re AMC, of which bonds with AAA rating accounted for 99.05%, 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, directly held domestic non-standard assets³ accounted for 6.00% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 82.38%. The top three industries in terms of positions held were public utilities, transportation and real estate, accounting for 28.37%, 23.40% and 22.50%, respectively.

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

In terms of risk management, we continued to improve our comprehensive risk management system, and promoted the effective conduction of asset allocation strategies and risk appetite policies. We improved our risk assessment system, strengthened the investment risk limits and concentration management, and continuously conducted analysis of investment performance. We also optimised the risk monitoring management indicator system and conducted risk investigation, evaluation, and reporting to improve our refined management of investment risk.

We strove to promote the information system construction of risk management, and constantly enriched and improved embedded risk management tools to achieve visualisation of monitoring. 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, invested assets, and the solvency of the Group. We strengthened the risk prevention and control measures in key areas and took instant response to the warning signals of risk arising in assets held, 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, carefully adjusted investment limits for high-risk regions of local government debt platforms, paid attention to the concentration of low-grade or long-duration assets, constantly carried out rating and credit management, asset quality tracking, risk investigation and review, etc., strengthened risk management to control off-balance sheet businesses, and controlled relevant risks within an acceptable range. In terms of overseas risk, we strengthened our overseas market research and judgment, and formulated risk control policies and management mechanisms for overseas subsidiaries. We strengthened the credit risk sorting and analysis of overseas positions, established a combined credit management solution at the domestic and overseas level, promoted the management synergy and experience sharing of the two-level platform, and continued to strengthen the penetration management of credit risk at overseas investment platforms.

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

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

In the first half of 2024, the quality and overall performance of China Everbright Bank's assets were relatively stable. 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 stable and healthy returns in the future.

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

Investment Performance

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

Unit: in RMB millions, except for percentages

Investment income	For the six months ended 30 June	
	2024	2023
Cash and fixed-income investments	6,743	5,319
Interest income	5,617	5,137
Realised gains/(losses)	(57)	104
Unrealised gains/(losses)	1,265	334
Impairment losses	(82)	(256)
Equity and investment funds	2,413	(271)
Dividend income	831	1,171
Realised gains/(losses)	(1,761)	(1,581)
Unrealised gains/(losses)	3,343	139
Other investments	1,193	1,211
Share of profit of associates	1,077	1,200
Other gains or losses ¹	116	11
Interest expenses on financial assets sold under repurchase agreements	(702)	(669)
Total investment income²	9,647	5,590
Annualised total investment yield (%) ⁴	4.66	3.55
Net investment income ³	6,978	6,990
Annualised net investment yield (%) ⁴	3.90	3.96

- Notes:* 1. Including gains or losses from changes in fair value and realised gains or losses from financial liabilities at fair value through profit or loss, gains or losses from changes in fair value and realised gains or losses from derivative financial instruments related to non-life insurance business, rental income from investment properties.
2. Total investment income = Investment income after deducting non-insurance investment contracts and derivative financial instruments related to life insurance business + interest income + share of profit of associates + impairment loss of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other assets – loss on dilution of equity in associates.
3. Net investment income = Interest income + dividend income + rental income + share of profit of associates – interest expenses on financial assets sold under repurchase agreements.
4. In the calculation of an annualised total investment yield and an annualised net investment yield, only interest income, rental income from investment properties and share of profit of associates are annualised, and such treatment does not apply to dividend income, realised gains/(losses), unrealised gains/(losses), interest income from financial assets held under resale agreements, interest expenses on financial assets sold under repurchase agreements and impairment losses, etc.

Annualised total/net investment yield = Annualised total/net investment income ÷ average total investment assets at the beginning and the 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 investment designated 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 the first half of 2024, the Group's total investment income was RMB9,647 million, representing a year-on-year increase of 72.6%. The annualised total investment yield was 4.66%, representing a year-on-year increase of 1.11 percentage points. The increase in total investment income was mainly because: firstly, we actively seized structural opportunities to optimise the structure of equity positions, thus increasing the return on equity and fund investments year-on-year. Secondly, as the domestic bond prices went up, income from cash and fixed-income investments increased year-on-year. In the first half of 2024, the net investment income of the Group was RMB6,978 million, representing a year-on-year decrease of 0.2%. The annualised net investment yield was 3.90%, representing a year-on-year decrease of 0.06 percentage points.

INSURANCE INTERMEDIARY BUSINESS

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and its subsidiary, Huatai Surveyors & Adjusters Company. In the first half of 2024, adhering to the general principle of “seeking progress while ensuring stability and striving for innovation and transformation” as well as the operation approach of “Party building as the guide, development as the key, efficiency as the priority, and sticking to the bottom line”, we further highlighted the orientation of high-quality development, coordinated the promotion of market expansion and structural adjustment, and continued to strengthen coordinated development, lean management, and risk control and compliance. Affected by the proactive adjustment of business structure, business income decreased in the first half of 2024, while operating efficiency steadily improved.

In the first half of 2024, revenue from insurance intermediary business amounted to RMB255 million, representing a year-on-year decrease of 25.4%. Profit before tax amounted to RMB2,402 thousand, representing a year-on-year increase of 13.6%.

SOLVENCY

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

Unit: in RMB millions, except for percentages

	30 June 2024	31 December 2023	Change (%)
The Group			
Core capital	105,170	97,709	7.6
Available capital	127,001	121,423	4.6
Minimum capital	65,426	63,132	3.6
Core solvency adequacy ratio (%)	161	155	Increase by 6 percentage points
Aggregated solvency adequacy ratio (%)	194	192	Increase by 2 percentage points
Group Company			
Core capital	87,438	82,783	5.6
Available capital	87,438	82,783	5.6
Minimum capital	27,752	20,223	37.2
Core solvency adequacy ratio (%)	315	409	Decrease by 94 percentage points
Aggregated solvency adequacy ratio (%)	315	409	Decrease by 94 percentage points
China Re P&C			
Core capital	20,395	17,966	13.5
Available capital	31,517	29,465	7.0
Minimum capital	12,668	11,850	6.9
Core solvency adequacy ratio (%)	161	152	Increase by 9 percentage points
Aggregated solvency adequacy ratio (%)	249	249	Increase by 0.1 percentage points
China Re Life			
Core capital	37,500	31,575	18.8
Available capital	47,809	43,131	10.8
Minimum capital	22,584	20,007	12.9
Core solvency adequacy ratio (%)	166	158	Increase by 8 percentage points
Aggregated solvency adequacy ratio (%)	212	216	Decrease by 4 percentage points
China Continent Insurance			
Core capital	22,200	20,930	6.1
Available capital	24,534	23,273	5.4
Minimum capital	8,752	8,894	(1.6)
Core solvency adequacy ratio (%)	254	235	Increase by 18 percentage points
Aggregated solvency adequacy ratio (%)	280	262	Increase by 19 percentage points

- Notes:* 1. Core solvency adequacy ratio = core capital ÷ minimum capital; aggregated solvency adequacy ratio = available capital ÷ minimum capital.
2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.
 3. The solvency-related data as at 30 June 2024 have not been audited or reviewed by the Company's auditors.
 4. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former China Banking and Insurance Regulatory Commission, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

Compared with the end of 2023, 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. The solvency adequacy ratio of China Re P&C and China Re Life remained stable basically. The solvency adequacy ratio of China Continent Insurance increased, mainly due to the comprehensive income growth.

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the “Summary of Solvency Reports” as of the end of the second quarter of 2024 of the Group Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, will be disclosed on their official websites respectively and the website of Insurance Association of China in due course. Shareholders and investors are advised by the Board to pay attention to the following key operating indicators extracted from the Summary of Solvency Report as of the end of the second quarter:

Table 1: Key Operating Indicators

Unit: in RMB millions unless otherwise stated

Indicators	Entities			
	Group Company	China Re P&C	China Re Life	China Continent Insurance
30 June 2024				
Total assets	97,911	136,656	277,405	96,652
Net assets	61,323	23,977	22,391	25,440
Insurance contract liabilities	24,563	65,892	170,486	50,844
For the six months ended 30 June 2024				
Insurance income	7,049	25,787	36,171	28,244
Net profit	773	953	725	145
Basic earnings per share (RMB)	0.018	0.083	0.089	0.010
Return on equity (%)	1.25	4.15	3.47	0.58
Return on total assets (%)	0.80	0.71	0.28	0.15
Investment yield (%)	1.60	1.50	1.79	0.30
Combined investment yield (%)	1.72	3.66	3.98	2.96

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

Unit: in RMB millions unless otherwise stated

Indicators	Entity	China Continent Insurance
	For the six months ended 30 June 2024	
Premiums of signed policies (total premiums for policies sold)		27,895
Premiums of signed policies for motor insurance		12,665
Premiums of signed policies for top 5 non-motor insurance		12,688
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/ number of new motors underwritten)		1,851
Premiums of signed policies by channels		27,895
Premiums of signed policies of agency channels		14,020
Premiums of signed policies of direct sale channels		10,372
Premiums of signed policies of brokerage channels		3,503
Premiums of signed policies of other channels		0

- Notes:*
1. As the consolidated scope is larger than these four companies and affected by offsetting factors when calculating the consolidated net profit of the Group, the consolidated net profit of the Group is not equal to the sum of net profits of these four companies.
 2. The relevant data as at 30 June 2024 in the Summary of Solvency Reports of the Group Company, China Re P&C, China Re Life and China Continent Insurance are the same as the data submitted to the National Administration of Financial Regulation, which are not audited or reviewed by the auditors of the Company.
 3. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

For viewing of the Summary of Solvency Reports for the second quarter of 2024, shareholders and potential investors can visit the official websites of the Company at <http://www.chinare.com.cn>, China Re P&C at <http://www.cpcr.com.cn>, China Re Life at <http://www.chinalifere.cn> and China Continent Insurance at <http://www.ccic-net.com.cn>, or the website of Insurance Association of China at <http://www.iachina.cn> for enquiries.

EXCHANGE RATE FLUCTUATION RISK

Substantial amount of assets and liabilities of the Group are denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars, British pounds and other foreign currencies. The fluctuations of the value of Renminbi against such currencies expose us to foreign exchange risks. We control the adverse impacts of the fluctuations of exchange rates through enhancing management of the assets and liabilities matching in different currencies, keeping foreign exchange positions under control and using foreign currency derivatives appropriately. As at 30 June 2024, the Group held foreign currency derivatives of RMB-198 million (31 December 2023: RMB-240 million).

DETAILS OF ASSETS CHARGED AND BANK BORROWINGS

As at 30 June 2024, bonds with a carrying value of RMB12,231 million (as at 31 December 2023: RMB18,017 million) were pledged as collateral for the securities sold under agreements to repurchase resulting from debt repurchase transactions entered into by the Group in the interbank market.

For debt repurchase transactions through the stock exchange, the Group is required by the stock exchange to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transactions during the repurchase period. As at 30 June 2024, the carrying value of bonds deposited in the collateral pool was RMB64,424 million (as at 31 December 2023: RMB60,095 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

As at 30 June 2024, 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 30 June 2024, the Group had issued the following guarantees:

- (1) As at 30 June 2024, the Group Company provided maritime guarantee of RMB1,271 million (31 December 2023: RMB1,359 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 30 June 2024, 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 2023: GBP420 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 2023: GBP100 million and USD75 million) respectively.

EMPLOYEES

As of 30 June 2024, the Group had a total of 48,770 employees. The Group's staff remuneration comprises three components, namely basic salary, performance salary and benefits and subsidies. We uphold the distribution guidance of "giving priority to the value creator", 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 increase investment in talent cultivation, strengthen employee career planning management, and clear the obstacles on the career growth channels. We have 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.

MAJOR EVENTS

Material Connected Transactions

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

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.

PROSPECTS

The Group will continue to deeply implement the business philosophy of "expanding business scale, increasing underwriting profits and making prudent investment", give full play to the value and role of a reinsurance platform company, fully tap market opportunities, focus on optimising business structure and profit structure, and continue to promote reasonable growth in volume and effective improvement in quality.

In terms of P&C reinsurance business, we will continuously adhere to the general tone of "seeking progress while ensuring stability, enhancing value", deepen reform and innovation, deeply serve the national strategies, improve the level of refined management, strengthen risk prevention and control, consolidate our leading position in the domestic market, enhance the resilience of international business operations, improve comprehensive risk reduction service capabilities, enhance innovation promotion and achievement transformation, and continuously promote the high-quality development to a new level.

For the life and health reinsurance business, we will focus on major development opportunities such as the health insurance development of the industry, industrial integration and digital transformation, actively promote supply side reforms such as products and services, and continue to pay attention to industry policies and risk events. Focusing on data, products and industry integration, we will vigorously expand the protection-type reinsurance business, promote the upgrading and iteration of the main medical insurance in the market, actively cultivate commercial long-term medical care insurance and other innovative sectors, and continue to strengthen risk management. We will strictly control operating cost, enhance the asset-liability matching and risk management of the savings-type reinsurance business. We will strengthen counterparty risk management and enforce business management, and perform the financial reinsurance business innovatively under the premise of compliance and controllable risk. We will fully capitalise on "(domestic and overseas) dual-markets" and "(business and investment) dual-platforms" to achieve the collaborative development of business in domestic and overseas markets.

For the primary P&C insurance business, we will adhere to the business approach of “demonstrating value, strengthening assessment, cultivating talents, and preventing risks”, deeply practise the political and people-oriented nature of financial work, better integrate business development into the overall national strategy, find the right direction and clear positioning, consciously integrate into the entire Chinese-style modernisation construction, strive to work on the “five target areas” well, and effectively play the role of economic shock absorber and social stabiliser.

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 our global vision, build a domestic and overseas integrated, cross-market diversified asset allocation system, and continuously optimise the asset allocation structure. While each investment line will closely focus on asset allocation plans and risk preferences, we will deepen the understanding of domestic and foreign economic situations, market environments and policy expectations, strengthen trend analysis and forward-looking judgment, strive to improve investment capabilities, and create investment returns. As for third-party asset management business, we will continue to enrich product lines, actively expand channels and new customers, and improve quality and efficiency through refined management. In terms of risk management and control, we will continuously consolidate and improve the penetrating risk management system covering home and abroad, on- and off-balance sheet, and all businesses and processes, and enhance the synergy of the “three lines of defence” to provide solid support for the high-quality development of the Company.

EMBEDDED VALUE

1. Valuation Results

As at 30 June 2024, the Group life and health reinsurance business includes the life and health reinsurance business of the Group Company and all businesses of China Re Life and China Re HK. Based on “Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance” issued by the China Association of Actuaries in November 2016 and industry practice for publicly listed companies in Hong Kong, we performed the Group embedded value (“EV”) calculation as at 30 June 2024.

This section summarises the EV and the value of one year’s new business (“1-year VNB”) results as at 30 June 2024 and the corresponding results as at prior valuation date.

Unit: in RMB millions

Valuation Date	30 Jun 2024	31 Dec 2023
Embedded Value		
Adjusted Net Worth (“ANW”)	110,603	101,571
Value of In-force Business (“VIF”) before CoC	11,484	11,486
Cost of Required Capital (“CoC”)	(4,892)	(4,215)
Value of In-force Business after CoC	6,592	7,272
Embedded Value	117,196	108,843
Of which:		
ANW of the life and health reinsurance business	31,148	25,999
VIF after CoC of the life and health reinsurance business	6,518	7,171
EV of the life and health reinsurance business	37,665	33,170
Value of One Year’s New Business of the life and health reinsurance business		
Value of One Year’s New Business before CoC	1,869	2,102
Cost of Required Capital	(615)	(799)
Value of One Year’s New Business after CoC	1,253	1,303

Note 1: Figures may not add up due to rounding, and the same applies in the tables below.

Note 2: Figures related to life and health reinsurance business only include business of China Re Life and China Re HK, which are the main part of total life and health reinsurance business. The same applies in the tables below.

2. Assumptions

The key assumptions, except claim ratio, used for the life and health reinsurance business of the Group Company and China Re Life as at 30 June 2024 are the same as those used in 2023 year-end valuation. The claim ratio assumptions of short-term reinsurance business are determined on a contract-by-contract basis according to the claim experience of recent years.

3. Sensitivity

We have performed a series of sensitivity tests on alternative assumptions for value of in-force business and value of one year's new business of the life and health reinsurance business of the Group as at 30 June 2024. For each test, only the referred assumption is changed, while the other assumptions are kept unchanged. Results of the sensitivity tests are shown as below:

Unit: in RMB millions

Scenarios	VIF after CoC	1-year VNB after CoC
Base Scenario	6,518	1,253
Risk discount rate increased by 100 basis points	5,425	1,119
Risk discount rate decreased by 100 basis points	7,797	1,398
Annual investment return rates increased by 50 basis points	8,482	1,396
Annual investment return rates decreased by 50 basis points	4,544	1,110
Mortality and morbidity rates increased by 10%	6,500	1,253
Mortality and morbidity rates decreased by 10%	6,548	1,254
Discontinuance rates increased by 10%	6,361	1,243
Discontinuance rates decreased by 10%	6,689	1,265
Expenses increased by 10%	6,348	1,239
Expenses decreased by 10%	6,687	1,268
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	6,390	1,210
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	6,807	1,303

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the Reporting Period, after Ms. Ye Mei was appointed as a member of the nomination and remuneration committee of the Board on 29 February 2024, the composition of the nomination and remuneration committee of the Board has complied with Rule 3.25 and Rule 3.27A of the Hong Kong Listing Rules which require that the nomination and remuneration committee of the Board should comprise a majority of independent non-executive Directors. For details, please refer to the announcement of the Company dated 29 February 2024.

SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities (including sale of treasury shares) during the Reporting Period. As at the end of the Reporting Period, neither the Company nor its subsidiaries held any treasury shares.

INTERIM DIVIDEND

The Company does not declare interim dividend for the six months ended 30 June 2024.

REVIEW OF INTERIM RESULTS

The Group's 2024 interim financial information prepared under International Financial Reporting Standards has been reviewed by KPMG LLP. The interim results have been reviewed by the Audit Committee of the Board.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2024 will be published on the website of the Company (www.chinare.com.cn) and HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) in due course.

DEFINITIONS

“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
“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
“China Re HK”	China Reinsurance (Hong Kong) Company Limited (中國再保險(香港)股份有限公司), a subsidiary of China Re Life licensed and incorporated by Hong Kong Insurance Authority on 16 December 2019
“China Re Life”	China Life Reinsurance Company Ltd. (中國人壽再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 16 December 2003
“China Re P&C”	China Property and Casualty Reinsurance Company Ltd. (中國財產再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 15 December 2003
“CIC”	Chaucer Insurance Company Designated Activity Company, a company registered in the Republic of Ireland

“CNIP”	China Nuclear Insurance Pool. CNIP was established in 1999 and the Group Company has been the management institution and chairman company of CNIP from its establishment date to November 2016. Starting from November 2016, the management institution of CNIP changed from the Group Company to China Re P&C
“Company”, “Group Company” or “China Re”	China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司)
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“CRAH”	China Re Australia HoldCo Pty Ltd, a company registered in Australia, the former name of which is Hanover Australia HoldCo Pty Ltd
“CRIH”	China Re International Holdings Limited, a company registered in England and Wales, the former name of which is The Hanover Insurance International Holdings Limited
“Director(s)”	the director(s) of the Company
“former CBIRC”	the former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Group” or “we”	our Company and its subsidiaries (except where the context requires otherwise)
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huatai Insurance Agency”	Huatai Insurance Agency and Consultant Service Limited (華泰保險經紀有限公司), a subsidiary of the Company incorporated in the PRC on 1 March 1993. The Company holds 52.5% of its shares
“Lloyd’s”	The Society of Lloyd’s, a global leading specialised P&C and liability insurance market
“Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)

“Model Code for Securities Transactions”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“Reporting Period”	since 1 January 2024 until 30 June 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Supervisor(s)”	the supervisor(s) of the Company

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

Beijing, the PRC, 30 August 2024

As at the date of this announcement, the executive Directors are Mr. He Chunlei and Mr. Zhuang Qianzhi, the non-executive Directors are Ms. Wang Xiaoya, Mr. Yang Changsong, Ms. Jia Xiangxiang and Mr. Zhou Zheng, and the independent non-executive Directors are Ms. Jiang Bo, Mr. Dai Deming and Ms. Ye Mei.