

# Report of the Board of Directors and Significant Events

## PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the “Group”) comprise the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management, and technology. There was no significant change in the nature of the Group’s principal activities during 2023.

## MAJOR CUSTOMERS

Revenue from the Group’s five largest customers accounted for less than 1% of the total revenue for 2023.

## IMPLEMENTATION OF CASH DIVIDEND POLICY AND PROFIT DISTRIBUTION PLANS DURING THE REPORTING PERIOD

### Cash Dividend Policy

According to Article 216 of the *Articles of Association*, the Company shall attach importance to the reasonable investment returns for investors in its profit distribution. The profit distribution policy shall maintain its continuity and stability. The accumulated profit to be distributed in cash for the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years, provided that the Company’s annual distributable profit (namely the Company’s profit after tax after covering the losses and making contributions to the surplus reserve) is positive in value and such distribution is in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining a specific cash dividend payout ratio, the Company shall consider its profit, cash flow, solvency, and operational and business development requirements. The Board of Directors is responsible for formulating and implementing a distribution plan in accordance with the provisions of the *Articles of Association*.

In preparing a profit distribution plan, the Board of Directors shall fully listen to and take into account views and advice from shareholders (in particular the minority shareholders), independent directors, and independent supervisors in various ways. When a specific cash dividend distribution plan is put forward for consideration at a general meeting, a variety of channels shall be provided for communication and opinion exchange with shareholders, in particular the minority shareholders, whose opinions and demands shall be fully heard, and prompt responses shall be given to any issues the minority shareholders are concerned about.

Where an adjustment to our profit distribution policy is required due to the applicable laws and regulations and new rules promulgated by the CSRC regarding listed companies’ profit distribution policies or significant changes in the Company’s external business environment and/or operating situations, the adjustment shall be done for the purpose of safeguarding the shareholders’ interests and in strict compliance with the decision-making procedures. To this end, the Board of Directors shall draft an adjustment plan based on the operating situations of the Company and the applicable regulations of the CSRC, and then submit the adjustment plan to the general meeting for deliberation. Implementation of the adjustment plan is conditional upon approval by shareholders (including their proxies) holding at least two thirds of voting rights present at the general meeting.

### Implementation of Profit Distribution Plans

The Company's 2022 profit distribution plan was deliberated and approved at the 2022 Annual General Meeting, pursuant to which the Company paid in cash the 2022 final dividend of RMB1.50 per share (tax inclusive), totaling RMB27,161,462,992.50 (tax inclusive) based on 18,107,641,995 shares, the actual number of shares entitled to the dividend distribution (exclusive of the Company's A shares in the repurchased securities account).

The Company's 2023 interim profit distribution plan was deliberated and approved at the 17th meeting of the 12th session of the Board of Directors held on August 29, 2023, pursuant to which the Company paid in cash the 2023 interim dividend of RMB0.93 per share (tax inclusive), totaling RMB16,840,107,055.35 (tax inclusive) based on 18,107,641,995 shares, the actual number of shares entitled to the dividend distribution (exclusive of the Company's A shares in the repurchased securities account).

The decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and ratios were clear. The above profit distribution plans were in line with the *Articles of Association* and the applicable deliberation procedures, which fully protected the minority shareholders' legitimate interests. The above profit distribution plans have been implemented.

### ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's business results for 2023 are set out in the section headed "FINANCIAL STATEMENTS."

As stated in the Group's 2023 audited consolidated financial statements prepared under CAS and IFRS respectively, the net profit attributable to shareholders of the parent company was RMB85,665 million and the net profit of the parent company was RMB52,755 million. Pursuant to the *Articles of Association* and other applicable requirements, the Company shall make an appropriation to the statutory surplus reserve based on 10% of the net profit of the parent company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the statutory surplus reserve may cease to apply if the balance of the statutory surplus reserve has reached 50% or more of the Company's registered capital. After making the above profit distribution and carrying forward the retained profit from the previous year, in accordance with the *Articles of Association* and other applicable requirements, the profit available for distribution to the Company's shareholders based on undistributed profit in the parent company's financial statements under CAS or IFRS (whichever is lower) was RMB137,648 million.

The Company distributed the 2023 interim dividend of RMB0.93 per share (tax inclusive) in cash, which amounted to RMB16,840,107,055.35 (tax inclusive). The Board of Directors proposed to distribute the 2023 final dividend of RMB1.50 per share (tax inclusive) in cash to the Company's shareholders. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7 - Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The actual total amount of the final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the final dividend payment for 2023 is RMB27,161,462,992.50 (tax inclusive) based on the total share capital of 18,210,234,607 shares less the 102,592,612 A shares of the Company in the repurchased securities account as of December 31, 2023. The final dividend payment will have no material impact on the Group's solvency margin ratios. After the final dividend payment, the Group's solvency margin ratios will still meet the applicable regulatory requirements. The Company's remaining undistributed profit will be carried forward to 2024. The Company's undistributed profit is mainly for the purpose of its organic capital accumulation to maintain reasonable solvency margin ratios as well as provide funding for subsidiaries to support subsidiaries' business development for stable shareholder returns and maintain subsidiaries' solvency margin or capital adequacy ratios at reasonable levels.

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The above plan will be implemented upon deliberation and approval at the 2023 Annual General Meeting. The profit distribution plan is in line with the *Articles of Association* and the applicable deliberation procedures. The Company's full-year cash dividend payout ratio for 2023 based on net profit attributable to shareholders of the parent company exceeds the range (in principle, 20%-40% of net profit attributable to shareholders of the parent company for the corresponding year) specified in its profit distribution plan for 2021-2023. However, the Company maintains the continuity and stability of its profit distribution policy, and fully protects the legitimate interests of all its shareholders including minority shareholders.

For dividend payouts of the Company over the past five years, please refer to the section headed "Liquidity and Capital Resources."

## **DISTRIBUTABLE RESERVES**

As of December 31, 2023, the Company's distributable reserves totaled RMB137,648 million. The Company has proposed to distribute the 2023 final dividend of RMB1.50 per share (tax inclusive) in cash. After deduction of the 2023 final dividend, the remaining distributable reserves will be carried forward to 2024. Moreover, the Company's capital reserve and surplus reserve amounted to RMB134,976 million, which can be distributed in a future capital issue.

## **SHARE CAPITAL**

Changes in the Company's share capital in 2023 and the Company's share capital structure as of December 31, 2023 are set out in the section headed "Changes in the Share Capital and Shareholders' Profile."

## **PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES**

Changes in the Group's property and equipment and investment properties during 2023 are detailed in Notes 32 and 31 to the financial statements respectively.

## **PRE-EMPTIVE RIGHTS**

There is no provision regarding pre-emptive rights under the *Company Law of the People's Republic of China* or the *Articles of Association*, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from January 1, 2023 to December 31, 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this Report, being March 21, 2024, at all times during the year ended December 31, 2023, not less than 20% of the Company's issued share capital (being the minimum public float applicable to the Company's shares) was held in public hands.

## **DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATIONS**

The Company entered into service contracts with all the Directors and Supervisors in office. As of December 31, 2023, no Directors or Supervisors had a service contract with the Company or any of its subsidiaries which requires the Company to pay compensation (except statutory compensation) if the Company terminates the contract within one year.

Name lists of the Directors and Supervisors as well as details of their remunerations for the year ended December 31, 2023 are set out in Note 54 to the financial statements.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

In 2023, none of the Company's Directors or Supervisors or entities connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract (to which the Company or any of its subsidiaries was a party) of significance to the Group's business.

## **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES**

In 2023, no right to acquire benefits by means of acquisition of the Company's shares or debentures was granted to or exercised by any Directors, Supervisors or their respective spouse or minor children, and neither the Company nor any of its subsidiaries was a party to any arrangement which enables the Directors or Supervisors to acquire any such rights in any other legal entity.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS**

As far as the Directors are aware, none of the Company's Directors or Supervisors has any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

## **PERMITTED INDEMNITY PROVISION**

The Company has arranged appropriate insurance cover for possible legal actions against its Directors and senior management arising out of corporate activities, which was in force during the Reporting Period and up to the date of this Report.

## **POST BALANCE SHEET EVENTS**

Post balance sheet events are detailed in Note 60 to the financial statements.

## **AUDITORS**

According to a resolution passed at the Company's 2022 Annual General Meeting, the Company reappointed Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2023, and reappointed Ernst & Young Hua Ming LLP as the auditor of the Company's internal controls.

## **GENERAL ANALYSIS OF EXTERNAL INVESTMENT**

The Company is an integrated financial services group, and investment is one of its core businesses. The investment of insurance funds represents the major part of the Company's investment. The utilization of insurance funds is subject to applicable laws and regulations. For details of the asset allocation of the Company's insurance funds investment portfolio, please refer to the section headed "Business Analysis."

### **Material Equity Investment**

During the Reporting Period, there was no material equity investment that shall be disclosed.

### **Material Non-Equity Investment**

During the Reporting Period, there was no material non-equity investment that shall be disclosed.

### **Financial Instruments Measured at Fair Value**

The Company's financial instruments measured at fair value are detailed in Note 50 to the financial statements.

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## SALE OF MAJOR ASSETS AND EQUITIES

During the Reporting Period, there was no sale of major assets and equities that shall be disclosed.

## Material Acquisitions and Disposals of Subsidiaries, Joint Ventures or Associates

On January 29, 2021 and April 30, 2021 respectively, the Company announced that a consortium formed by Zhuhai Huafa Group Co., Ltd. (“Huafa Group” representing the state-owned enterprises of Zhuhai Municipality), the Company and Shenzhen SDG Co., Ltd. will participate in the substantive consolidated restructuring (the “Founder Group Restructuring”) of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited, and Founder Industry Holdings Co., Ltd. (collectively the “Restructuring Entities”). Ping An Life participated on behalf of the Company in the Founder Group Restructuring, and entered into a restructuring investment agreement for the Founder Group Restructuring (the “Restructuring Investment Agreement”).

On July 5, 2021, the Company announced that the *Restructuring Plan (Draft) of Five Companies Including Peking University Founder Group Company Limited*, which was formulated on the basis of the Restructuring Investment Agreement, was resolved and approved at the creditors’ meeting held by the Restructuring Entities, and was approved by the civil order of the First Intermediate People’s Court of Beijing Municipality and came into effect on June 28, 2021.

On January 31, 2022, the Company announced that Ping An Life received the *Approval of Ping An Life Insurance Company of China, Ltd.’s Equity Investment in New Founder Group from the CBIRC* (Yin Bao Jian Fu [2022] No.81) on January 30, 2022, and the CBIRC approved Ping An Life’s investment in New Founder Group. Ping An Life had fulfilled the fundamental condition for participating in the Founder Group Restructuring, and would actively carry forward relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with relevant parties.

On June 24, 2022, the Company announced that, affected by multiple factors, the restructuring plan of the Founder Group Restructuring could not be completed within 12 months as originally scheduled. In response to the Restructuring Entities’ application, the First Intermediate People’s Court of Beijing Municipality approved an extension of the execution period of the restructuring plan of the Founder Group Restructuring to December 28, 2022 in accordance with laws. Ping An Life would actively carry forward relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with relevant parties.

On December 20, 2022, the Company announced that New Founder Group had completed corresponding change of business registration procedures. Accordingly, New Founder Group’s shareholding structure had been changed so that New Founder Group is held as to 66.51% and 28.50% by Ping An Life and Huafa Group (representing the state-owned enterprises of Zhuhai Municipality) through their shareholding platforms respectively, and a 4.99% equity interest in New Founder Group is held by the equity interest platform of Founder Group’s creditors.

For more information, please refer to the announcements published by the Company on the websites of SSE ([www.sse.com.cn](http://www.sse.com.cn)) and HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)).

## MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

The Company’s major subsidiaries and associates are detailed in Note 4.(1) and Note 29 to the financial statements respectively.

## STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Structured entities controlled by the Company are detailed in Note 4.(2) to the financial statements.

## CONNECTED TRANSACTIONS

In respect of connected transactions and continuing connected transactions, the Company has complied with requirements under the *SEHK Listing Rules* as amended from time to time. During the Reporting Period, the Company had no connected transaction that shall be disclosed under the *SEHK Listing Rules*. The Company's related party transactions stated in accordance with the accounting standards used in the preparation of financial statements for the year ended December 31, 2023 are presented in Note 56 to the financial statements.

## IMPLEMENTATION OF SHARE PURCHASE PLANS OF THE COMPANY

To align the interests of shareholders, the Company and employees, improve corporate governance, and establish and improve long-term incentive and restraint mechanisms, the Company has adopted the Key Employee Share Purchase Plan and the Long-term Service Plan. Total shares cumulatively held by the Key Employee Share Purchase Plan and the Long-term Service Plan do not exceed 10% of the Company's total share capital. Total shares corresponding to the equity interest cumulatively vested in a single employee of the Company through the Key Employee Share Purchase Plan and the Long-term Service Plan do not exceed 1% of the Company's total share capital.

### Key Employee Share Purchase Plan

The Company has implemented the Key Employee Share Purchase Plan, which has a duration of six years, since 2015 as deliberated at the 16th meeting of the ninth Board held on October 28, 2014 and approved at the first extraordinary general meeting for 2015 held on February 5, 2015. The duration of the Key Employee Share Purchase Plan has been extended by six years to February 4, 2027 as deliberated at the 13th meeting of the 11th Board held on April 23, 2020. Participants in the Key Employee Share Purchase Plan are key employees of the Company and its subsidiaries, including directors, employee representative supervisors and senior management. The sources of funding are the employees' legitimate incomes and performance bonuses. The amount that must be paid for each share by participants in the Key Employee Share Purchase Plan is the market price of such share at the time of purchase by the Company.

Nine phases of the Key Employee Share Purchase Plan were implemented as of the end of the Reporting Period. Shares under each phase are subject to a one-year lock-up period after the purchase. After the lock-up period expires, one third of the shares for each phase are unlocked each year and vested in phases in accordance with the Key Employee Share Purchase Plan. All the shares under the five phases for 2015-2019 were unlocked, and the four phases for 2020-2023 were implemented as follows:

There were 1,522 participants in the Key Employee Share Purchase Plan for 2020. A total of 7,955,730 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 0.044% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,107 employees qualified and 63 employees did not qualify for vesting under this phase. For the duration, 74,422 shares were forfeited. All the shares under this phase have been unlocked.

There were 1,754 participants in the Key Employee Share Purchase Plan for 2021. A total of 9,162,837 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB670,258,495.86 (expenses inclusive), accounting for approximately 0.050% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,485 employees qualified and 71 employees did not qualify for vesting under this phase. For the duration, 178,543 shares were forfeited.

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There were 1,703 participants in the Key Employee Share Purchase Plan for 2022. A total of 12,518,547 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB595,602,067.09 (expenses inclusive), accounting for approximately 0.068% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,601 employees qualified and 102 employees did not qualify for vesting under this phase. For the duration, 764,902 shares were forfeited.

There were 3,095 participants in the Key Employee Share Purchase Plan for 2023. A total of 15,030,180 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB693,562,104.08 (expenses inclusive), accounting for approximately 0.082% of the Company's total share capital at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2023 Key Employee Share Purchase Scheme* published by the Company on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEX") and the Shanghai Stock Exchange (the "SSE") on March 24, 2023 and March 25, 2023 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2023.

The manager of the Key Employee Share Purchase Plan remained unchanged during the Reporting Period.

The Key Employee Share Purchase Plan held a total of 25,391,496 A shares of the Company as at the end of the Reporting Period, accounting for approximately 0.139% of the Company's total share capital.

## The Long-term Service Plan

The Company has implemented the Long-term Service Plan, which has a duration of ten years, since 2019 as deliberated at the third meeting of the 11th Board held on October 29, 2018 and approved at the second extraordinary general meeting for 2018 held on December 14, 2018. Participants in the Long-term Service Plan are the employees of the Company and its subsidiaries, including directors, employee representative supervisors and senior management. The source of funding is the remunerations payable to employees. The amount that must be paid for each share by participants in the Long-term Service Plan is the market price of such share at the time of purchase by the Company. Participants in the Long-term Service Plan may apply for vesting only when they are retiring from the Company, and will be awarded the shares after their applications have been approved and relevant taxes have been paid.

Five phases of the Long-term Service Plan were implemented as of the end of the Reporting Period:

There were 31,026 participants in the Long-term Service Plan for 2019. A total of 54,294,720 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 45 employees qualified and applied for vesting, and their shares were vested; 1,394 employees were disqualified due to reasons including their resignation; and 3,352,871 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 32,022 participants in the Long-term Service Plan for 2020. A total of 49,759,305 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for approximately 0.272% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 28 employees qualified and applied for vesting, and their shares were vested; 1,574 employees were disqualified due to reasons including their resignation; and 3,368,186 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2021. A total of 57,368,981 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,184,093,674.69 (expenses inclusive), accounting for approximately 0.314% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 19 employees qualified and applied for vesting, and their shares were vested; 7,311 employees were disqualified due to reasons including their resignation; and 5,719,593 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2022. A total of 93,314,482 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,438,825,366.37 (expenses inclusive), accounting for approximately 0.510% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 14 employees qualified and applied for vesting, and their shares were vested; 9,472 employees were disqualified due to reasons including their resignation; and 10,996,458 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 83,651 participants in the Long-term Service Plan for 2023. A total of 96,608,364 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,450,946,615.20 (expenses inclusive), accounting for approximately 0.528% of the Company's total share capital at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2023 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on March 24, 2023 and March 25, 2023 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 4 employees qualified and applied for vesting, and their shares were vested; 7,707 employees were disqualified due to reasons including their resignation, and 7,419,689 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

The manager of the Long-term Service Plan remained unchanged during the Reporting Period.

The Long-term Service Plan held a total of 350,906,763 A shares of the Company as at the end of the Reporting Period, accounting for approximately 1.927% of the Company's total share capital.

The Company has operated stably and healthily since the implementation of the Key Employee Share Purchase Plan and the Long-term Service Plan. The shareholders, the Company and the employees have shared benefits and risks, providing a strong foundation for further improving the Company's governance structure, establishing and strengthening long-term incentive and restraint mechanisms, and facilitating the Company's sustainable and healthy long-term development.

#### **IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS**

The Company implemented no share incentive scheme based on the Company's shares during the Reporting Period.



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## MATERIAL CONTRACTS AND THEIR PERFORMANCE

### Guarantee

(in RMB million)	External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)
Total external guarantee incurred during the Reporting Period	-
Total external guarantee balance as at the end of the Reporting Period	-
<b>Guarantee of the Company and its subsidiaries in favor of its subsidiaries</b>	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	(5,474)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	8,762
<b>Total guarantee of the Company (including the guarantee in favor of its subsidiaries)</b>	
Total guarantee	8,762
Total guarantee as a percentage of the Company's net assets (%)	1.0
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of December 31, 2023)	8,194
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company's net assets	-

Notes: (1) The data set out in the table above does not include those arising from financial guarantee businesses conducted by the Company's controlled subsidiaries including Ping An Bank in strict compliance with the scope of business approved by regulatory authorities.  
(2) The total guarantee incurred during the Reporting Period was the guarantee withdrawal of RMB4,191 million less the guarantee repayment of RMB9,665 million.

### Specific Statements of Independent Non-Executive Directors on External Guarantees of the Company

According to the *Guidelines for Supervision of Listed Companies No.8-Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies* issued by the CSRC, the Independent Non-executive Directors of the Company conducted a prudent review of the Company's external guarantees in 2023. Their specific statements are set out as follows:

1. The Company provided no guarantee to any controlling shareholder or other related parties in which the Company holds less than 50% shares, any non-legal-person entities, or individuals during the Reporting Period;
2. The total guarantee withdrawal provided by the Company and its subsidiaries during the Reporting Period amounted to RMB4,191 million. The total guarantee balance of the Company and its subsidiaries was RMB8,762 million as of December 31, 2023, representing 1.0% of the Company's net assets. The balance did not exceed 50% of the Company's net assets as stated in its consolidated financial statements for the latest fiscal year;
3. The Company strictly observed the approval procedures and internal control policies regarding external guarantee as set out in the *Articles of Association*, and there was no non-compliant external guarantee during the Reporting Period;
4. The Company fulfilled its obligation to disclose information on external guarantee and honestly provided chartered accountants with all the details about the Company's external guarantee in strict accordance with the *SSE Listing Rules* and the *Articles of Association* during the Reporting Period.

## **Entrustment, Underwriting, Lease, Entrusted Asset Management, Entrusted Lending and Other Material Contracts**

During the Reporting Period, the Company had no matter relating to entrustment, underwriting, lease or other material contracts that shall be disclosed.

The Company engaged in no entrusted asset management or entrusted lending outside its ordinary business scope during the Reporting Period. For details of the Company's entrusted asset management and entrusted lending, refer to the "Notes to Consolidated Financial Statements."

## **INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES**

### **Enterprise Income Tax of Overseas Non-Resident Enterprise Shareholders**

Pursuant to the tax laws and regulations of the Chinese mainland, the Company is required to withhold 10% enterprise income tax when it distributes dividends to non-resident enterprise holders of H shares as listed on the Company's register of members on the record date, including Hong Kong Securities Clearing Company Nominees Limited.

If any resident enterprise (as defined in the *Enterprise Income Tax Law of the People's Republic of China*) listed on the Company's register of members of H shares on the record date which is duly incorporated in the Chinese mainland or under the laws of an overseas country (or region) but with a Chinese mainland-based de facto management body does not want the Company to withhold the said enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited a legal opinion, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, issued by a lawyer qualified to practice law in the Chinese mainland and inscribed with the seal of the applicable law firm, that verifies its resident enterprise status. The legal opinion shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

### **Individual Income Tax of Overseas Individual Shareholders**

Pursuant to the applicable tax laws and regulations of the Chinese mainland, the individual resident shareholders outside the Chinese mainland shall pay individual income tax upon their receipt of the distributed dividends in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by the Company on behalf of such individual shareholders at the tax rate of 10% in general. However, if the tax laws and regulations and relevant tax agreements state otherwise, the Company will withhold and pay the individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

Those individual resident shareholders outside the Chinese mainland who hold the shares issued by domestic non-foreign investment enterprises in Hong Kong may enjoy preferential treatments (if any) in accordance with the provisions of applicable tax agreements signed between the countries or regions where they belong by virtue of residential identification and the People's Republic of China as well as the tax arrangements made between the Chinese mainland and Hong Kong (Macao). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited a written authorization and relevant evidencing documents, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, which shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

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The Company will withhold the enterprise income tax and the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the record date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of the Company's H shares shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax laws and regulations of the Chinese mainland.

## **Income Tax of H Shareholders via the Hong Kong Stock Connect Program**

For the Chinese mainland investors (including enterprises and individuals) investing in the Company's H shares via the Hong Kong Stock Connect Program, China Securities Depository and Clearing Corporation Limited, as the nominee holding H shares for investors via the Hong Kong Stock Connect Program, will receive the dividend distributed by the Company and distribute such dividend to the relevant investors through its depository and clearing system. The dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in RMB. Pursuant to the applicable tax laws and regulations of the Chinese mainland:

- For the Chinese mainland individual investors who invest in the Company's H shares via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad.
- For the Chinese mainland securities investment funds that invest in the Company's H shares via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the dividend pursuant to the above provisions.
- For the Chinese mainland enterprise investors that invest in the Company's H shares via the Hong Kong Stock Connect Program, the Company will not withhold income tax in the distribution of the dividend, and such investors shall declare and pay the tax on their own.

## **Income Tax of A Shareholders via the Shanghai Stock Connect Program**

For Hong Kong investors (including enterprises and individuals) investing in the Company's A shares via the Shanghai Stock Connect Program, pursuant to the applicable tax laws and regulations of the Chinese mainland, the dividend will be paid in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to Hong Kong Securities Clearing Company Limited, and the Company will withhold income tax at the rate of 10%.

For investors via the Shanghai Stock Connect Program who are tax residents of other countries or regions (excluding Hong Kong) which have entered into a tax treaty with the Chinese mainland stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may appoint a withholding agent to, apply to the competent tax authorities of the Company for the entitlement to the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisers on tax effects in the Chinese mainland, Hong Kong and other countries and regions regarding the holding and disposal of the Company's shares.

## ENVIRONMENTAL PROTECTION

The Company is not a key pollutant discharging unit announced by the environmental protection department. For more information on environmental protection, please refer to the Company's 2023 *Sustainability Report*.

No administrative penalty was imposed on the Company due to environmental problems during the Reporting Period.

## CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Group in 2023 totaled RMB318 million.

## SEIZURE, DISTRAINTMENT OR FREEZE OF MAJOR ASSETS

During the Reporting Period, the Company had no event of seizure, distraintment or freeze of major assets that shall be disclosed.

## INTEGRITY CONDITIONS OF THE COMPANY

The Company had neither failure to abide by any effective judicial ruling, nor default on any substantial debt due during the Reporting Period.

## RELATIONSHIPS WITH CUSTOMERS

The Group aims to provide customers with “worry-free, time-saving, and money-saving” premium financial services. Adhering to a “customer-centric” business philosophy, the Group has embedded consumer rights protection in its corporate governance, corporate culture and development strategy.

As required by the NFRA, the Group has set up the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors. The Related Party Transaction Control and Consumer Rights Protection Committee oversees the protection of consumer rights, determines the responsibilities for consumer rights protection, improves the consumer rights protection framework, strengthens the implementation and oversight of decisions on consumer rights protection, conducts front-line supervision and examination of consumer protection and complaint handling, promotes consumer protection reviews and evaluations, enhances the consumer rights protection culture, ensures the effective execution of policies and the achievement of goals for consumer rights protection, and constantly upgrades consumer rights protection capabilities.

There was no material and serious dispute between the Group and its customers in 2023.

## MANAGEMENT AND CONTROL OVER SUBSIDIARIES

The Company implemented the *Measures for the Supervision and Administration of Insurance Group Companies* and managed the Group's human resources, finance and accounting, data governance, information systems, fund utilization, branding, and corporate culture. The Company instructed its subsidiaries to establish standard corporate governance structures, and continued to improve the group-wide risk management, internal control, compliance and internal audit frameworks. Moreover, the Company organized its subsidiaries to monitor and assess the effectiveness of internal control systems in accordance with the *Basic Norms for Internal Controls of Enterprises* and the *Basic Principles for Internal Controls of Insurers*, continuously improving the Group's operational efficiency and risk prevention capability. For the matters covered, high-risk areas and conclusions of the internal control assessments over subsidiaries, please refer to the section headed “Establishment and Perfection of the Internal Control System” in this Report.

# Report of the Board of Directors and Significant Events

## COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group maintained compliance with applicable laws and regulations that have significant impacts on the Group's operations.

## MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigation or arbitration that shall be disclosed.

## PENALTIES AND RECTIFICATION

During the Reporting Period, neither the Company nor its Directors, Supervisors or senior management were investigated or subjected to coercive measures by competent authorities, detained by disciplinary inspection and supervisory authorities, transferred to judicial authorities or held accountable for criminal liabilities, investigated or subjected to administrative punishment by the CSRC, subjected to major administrative punishment by other competent authorities, or subjected to disciplinary action by any securities exchanges.

## FULFILLMENT OF UNDERTAKINGS

### Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank

- (1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and other enterprises under its control intend to carry out or have substantially obtained whereby assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, neither the Company nor other enterprises under its control shall engage in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with Shenzhen Development Bank's operations.
- (2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of transactions between the Company and other enterprises under its control and Shenzhen Development Bank which constitute related party transactions of Shenzhen Development Bank, the Company and other enterprises under its control shall enter into such transactions with Shenzhen Development Bank on the principles of openness, fairness and justness at fair and reasonable market prices, shall go through the decision-making process in accordance with applicable laws, regulations and regulatory documents, and shall perform their obligations of information disclosure as required by law. The Company undertakes that neither the Company nor other enterprises under its control shall procure any illegal interests or make Shenzhen Development Bank undertake any illicit obligations through transactions with Shenzhen Development Bank.
- (3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain Shenzhen Development Bank's independence and ensure that Shenzhen Development Bank is independent from the Company and other enterprises under its control in respect of personnel, assets, finance, organization and business.

As of December 31, 2023, the above undertakings were still being performed and there was no breach of the above undertakings.

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

As far as is known to any Directors or Supervisors of the Company, as of December 31, 2023, the following persons (other than the Company's Directors, Supervisors and chief executives) had interests or short positions in the Company's shares and underlying shares which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	H/A shares	Capacity	Notes	Number of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
CP Group Ltd.	H	Interest of controlled corporations	(1)	1,114,859,403	Long position	14.96	6.12
UBS Group AG	H	Interest of controlled corporations	(2)	711,184,930	Long position	9.54	3.90
		Interest of controlled corporations	(2)	520,441,099	Short position	6.98	2.85
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	131,991,408	Long position	1.77	0.72
		Investment manager		95,845,736	Long position	1.28	0.52
		Person having a security interest in shares		3,836,904	Long position	0.05	0.02
		Trustee		8,412	Long position	0.00	0.00
		Approved lending agent	(3)	230,152,823	Lending pool	3.09	1.26
		Total:	(3)	461,835,283		6.20	2.53
		Interest of controlled corporations	(3)	147,162,206	Short position	1.97	0.80
Investment manager		307,992	Short position	0.00	0.00		
Citigroup Inc.	H	Interest of controlled corporations	(4)	48,259,575	Long position	0.64	0.26
		Approved lending agent	(4)	352,841,906	Lending pool	4.73	1.93
		Total:	(4)	401,101,481		5.38	2.20
		Interest of controlled corporations	(4)	30,529,269	Short position	0.40	0.16
BlackRock, Inc.	H	Interest of controlled corporations	(5)	401,713,391	Long position	5.39	2.20
		Interest of controlled corporations	(5)	591,000	Short position	0.00	0.00
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.94	5.29

# Report of the Board of Directors and Significant Events

Notes: (1) According to the disclosure form filed by CP Group Ltd. on May 30, 2023, CP Group Ltd. was deemed to be interested in a total of 1,114,859,403 H shares (long position) of the Company by virtue of its control over several wholly-owned corporations. As of December 31, 2023, CP Group Ltd. indirectly held 1,063,597,013 H shares (long position) of the Company in total, representing 5.84% of the Company's total share capital.

(2) According to the disclosure form filed by UBS Group AG on January 4, 2024, UBS Group AG was deemed to be interested in a total of 711,184,930 H shares (long position) and 520,441,099 H shares (short position) of the Company by virtue of its controlled corporations.

The entire interests and short positions of UBS Group AG in the Company included 462,835,379 H shares (long position) and 346,669,990 H shares (short position) held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	597,500
	Short position	71,000
Listed derivatives - Cash settled	Long position	11,100
	Short position	66,750
Listed derivatives - Convertible instruments	Long position	676,214
	Short position	17,644,233
Unlisted derivatives - Physically settled	Long position	410,481,371
	Short position	198,496,171
Unlisted derivatives - Cash settled	Long position	51,069,194
	Short position	130,391,836

(3) According to the disclosure form filed by JPMorgan Chase & Co. on December 28, 2023, JPMorgan Chase & Co. was deemed to be interested in a total of 461,835,283 H shares (long position) and 147,470,198 H shares (short position) of the Company by virtue of its controlled corporations.

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 230,152,823 H shares (long position). In addition, 94,815,360 H shares (long position) and 120,347,960 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	31,993,000
	Short position	46,968,500
Listed derivatives - Cash settled	Long position	90,000
	Short position	14,026,550
Unlisted derivatives - Physically settled	Long position	54,704,734
	Short position	21,498,633
Unlisted derivatives - Cash settled	Long position	6,313,867
	Short position	37,854,277
Listed derivatives - Convertible instruments	Long position	1,713,759

- (4) According to the disclosure form filed by Citigroup Inc. on November 23, 2023, Citigroup Inc. was deemed to be interested in a total of 401,101,481 H shares (long position) and 30,529,269 H shares (short position) of the Company by virtue of its controlled corporations.  
The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 352,841,906 H shares (long position). In addition, 8,549,090 H shares (long position) and 27,017,772 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	5,442,242
	Short position	1,893,500
Listed derivatives - Convertible instruments	Long position	58,590
Unlisted derivatives - Physically settled	Long position	996,575
	Short position	15,836,077
Unlisted derivatives - Cash settled	Long position	2,051,683
	Short position	9,288,195

- (5) According to the disclosure form filed by BlackRock, Inc. on December 23, 2023, BlackRock, Inc. was deemed to be interested in a total of 401,713,391 H shares (long position) and 591,000 H shares (short position) of the Company by virtue of its controlled corporations.  
The entire interests and short positions of BlackRock, Inc. in the Company included 3,857,500 H shares (long position) and 591,000 H shares (short position) held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Unlisted derivatives - Cash settled	Long position	3,857,500
	Short position	591,000

- (6) As figures for the percentage of H shares held have been rounded down to the nearest second decimal place, they may not add up to the totals. The percentage figures are based on the number of shares of the Company as of December 31, 2023.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of December 31, 2023, no person (other than the Company's Directors, Supervisors and chief executives) had any interest or short position in the Company's shares or underlying shares which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO.

By order of the Board of Directors

**Ma Mingzhe**  
Chairman

Shenzhen, PRC  
March 21, 2024