

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 were no significant changes in the nature of the Group’s principal activities during 2022.

MAJOR CUSTOMERS

Revenue from the Group’s five largest customers accounted for less than 1% of the total revenue for 2022.

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 annual distributable profit of the Company (namely the profit after tax of the Company 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. Independent directors of the Company shall express their independent opinions on the profit distribution plan. 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 profit distribution policies of listed companies or significant changes in the external business environment and/or operating situations of the Company, 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 relevant 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 2021 profit distribution plan of the Company was deliberated and approved at the 2021 Annual General Meeting, pursuant to which the Company paid in cash the 2021 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 A shares of the Company in the repurchased securities account).

The 2022 interim profit distribution plan of the Company was deliberated and approved at the 11th meeting of the 12th session of the Board of Directors held on August 23, 2022, pursuant to which the Company paid in cash the 2022 interim dividend of RMB0.92 per share (tax inclusive), totaling RMB16,659,030,635.40 (tax inclusive) based on 18,107,641,995 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company 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 relevant deliberation procedures, which fully protected the legitimate interests of the minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the above profit distribution plans. The above profit distribution plans have been implemented.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's business results for 2022 are set out in the section headed "FINANCIAL STATEMENTS."

As stated in the 2022 audited consolidated financial statements of the Group prepared under CAS and IFRS respectively, the net profit attributable to shareholders of the parent company was RMB83,774 million and the net profit of the parent company was RMB63,861 million. Pursuant to the *Articles of Association* and other relevant 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 registered capital of the Company. 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 shareholders of the Company based on undistributed profit in financial statements of the parent company under CAS or IFRS (whichever is lower) was RMB128,895 million.

The Company distributed the 2022 interim dividend of RMB0.92 per share (tax inclusive) in cash, which amounted to RMB16,659,030,635.40 (tax inclusive). The Board of Directors proposed to distribute the 2022 final dividend of RMB1.50 per share (tax inclusive) in cash to the shareholders of the Company. 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 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 2022 is RMB27,161,462,992.50 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 172,599,415 A shares of the Company in the repurchased securities account as of December 31, 2022. 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 relevant regulatory requirements. The remaining undistributed profit of the Company will be carried forward to 2023. The undistributed profit of the Company 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 2022 Annual General Meeting. The profit distribution plan is in line with the *Articles of Association* and the relevant deliberation procedures. The Company's annual cash dividend payout ratio for 2022 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. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the profit distribution plan.

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, 2022, the Company's distributable reserves totaled RMB128,895 million. The Company has proposed to distribute the 2022 final dividend of RMB1.50 per share (tax inclusive) in cash. After deduction of the 2022 final dividend, the remaining distributable reserves will be carried forward to 2023. Moreover, the Company's capital reserve and surplus reserve amounted to RMB140,901 million, which can be distributed in a future capital issue.

USE OF PROCEEDS

An aggregate of 594,056,000 new H shares were successfully allotted and issued by the Company under the general mandate on December 8, 2014 and the gross proceeds raised from the placing were HKD36,831,472,000. As of December 31, 2022, all the proceeds had been used, and all the specific fund-raising accounts had been closed. Details of the use of the proceeds in 2022 are as follows:

Total proceeds raised from the issue	Balance of unutilized proceeds as at January 1, 2022	Intended use of the proceeds as previously disclosed	Proceeds used during the Reporting Period	Balance in the specific fund-raising account as at December 31, 2022	Utilization plan for the balance in the specific fund-raising account
HKD36,831,472,000	HKD116,179,628.19	To develop the Company's core businesses and replenish its equity and working capital	HKD116,179,628.19	HKD0	All the proceeds have been used

SHARE CAPITAL

The change in the share capital of the Company in 2022 and the share capital structure of the Company as of December 31, 2022 are set out in the section headed "Changes in the Share Capital and Shareholders' Profile."

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of changes in the property and equipment and investment properties of the Group during 2022 are set out in Notes 34 and 33 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions 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

The *Resolution regarding Share Repurchase* (the “Repurchase”) was deliberated and approved at the 4th meeting of the 12th session of the Board of Directors held by the Company on August 26, 2021. According to the resolution, the total amount of funds for the Repurchase is not less than RMB5 billion and not more than RMB10 billion (both figures included). Based on the maximum funds of RMB10 billion and the maximum price of RMB82.56 per share for the A share repurchase, the number of A shares to be repurchased by the Company is 121,124,031 shares, accounting for approximately 0.66% of the Company’s total share capital of 18,280,241,410 shares. The term for the Repurchase is up to 12 months from the date when the repurchase plan is deliberated and approved by the Company’s Board of Directors.

As of August 26, 2022, the Company had completed the repurchase and cumulatively 102,592,612 A shares of the Company were repurchased by the Company by means of centralized bidding transaction via the system of the Shanghai Stock Exchange (“SSE”), representing approximately 0.56122% of the total share capital of the Company. The total amount of funds paid was RMB5,000,001,422.40 (exclusive of transaction costs)/RMB5,000,840,424.22 (inclusive of transaction costs). The lowest transaction price was RMB43.72 per share and the highest transaction price was RMB51.96 per share. The repurchased A shares of the Company will be reserved exclusively for the employee stock ownership plans of the Company, including but not limited to the Long-term Service Plan which has been deliberated and approved at the general meeting of the Company. The monthly breakdown of A Share repurchase made by the Company during 2022 is as follows:

Month	Shares repurchased	Highest transaction price per share (RMB)	Lowest transaction price per share (RMB)	Total amount of funds paid (RMB, exclusive of transaction cost)
May 2022	24,827,522	44.99	43.72	1,100,560,287.10

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities from January 1, 2022 to December 31, 2022.

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 15, 2023, at all times during the year ended December 31, 2022, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) 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, 2022, 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, 2022 are set out in Note 58 to the financial statements.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

In 2022, no Director or Supervisor of the Company or entity connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

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DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

In 2022, no right to acquire benefits by means of acquisition of shares or debentures of the Company 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 Directors or Supervisors of the Company 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

Details of the post balance sheet events are set out in Note 64 to the financial statements.

AUDITORS

According to the resolution passed at the Company's 2021 Annual General Meeting, the Company engaged 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 2022, and engaged 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 a majority of the investment of the Company. The utilization of insurance funds is subject to applicable laws and regulations. For details of the asset allocation of the Company's investment portfolio of insurance funds, please refer to the section headed "Business Analysis."

Material Equity Investment

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

Material Non-Equity Investment

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

Financial Instruments Measured at Fair Value

Details of the Company's financial instruments measured at fair value are set out in Note 54 to the financial statements.

SALE OF MAJOR ASSETS AND EQUITIES

During the Reporting Period, there was no sale of major assets and equities that was required to 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 the 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. (the "Restructuring Entities"). Authorized by the Company, Ping An Life participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of 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 has fulfilled the fundamental condition for participating in the Founder Group Restructuring, and will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

On June 24, 2022, the Company announced that, affected by multiple factors, the restructuring plan of the Founder Group Restructuring cannot be completed within 12 months as originally scheduled. According to the application of the Restructuring Entities, the First Intermediate People's Court of Beijing Municipality has approved to extend the execution period of the restructuring plan of the Founder Group Restructuring to December 28, 2022 in accordance with the laws. Ping An Life will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

On December 20, 2022, the Company announced that, New Founder Group has completed the corresponding change of business registration procedures. Accordingly, the shareholding structure of New Founder Group has been changed 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) and HKEX (www.hkexnews.hk).

MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Details of major subsidiaries and associates of the Company are set out in Note 4.(1) and Note 31 to the financial statements respectively.

STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Details of structured entities controlled by the Company are set out 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 material connected transaction that was required to 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, 2022 are presented in Note 60 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.

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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 of Directors 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 12th meeting of the 11th Board of Directors held on April 28, 2020. For the Key Employee Share Purchase Plan of the Company, the participants are key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees. The amount that must be paid for each share by the participants of the Key Employee Share Purchase Plan is the market price of such share at the time of purchase by the Company.

Eight 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 four phases for 2015-2018 were unlocked, and the four phases for 2019-2022 were implemented as follows:

There were 1,267 participants in the Key Employee Share Purchase Plan for 2019. A total of 8,078,395 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 980 employees qualified and 97 employees did not qualify for vesting under this phase. For the duration, 581,105 shares were forfeited.

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, 1,170 employees qualified and 128 employees did not qualify for vesting under this phase. For the duration, 1,176,910 shares were forfeited.

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, 1,556 employees qualified and 198 employees did not qualify for vesting under this phase. For the duration, 1,468,954 shares were forfeited.

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. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2022 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 27, 2022 and March 28, 2022 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2022.

During the Reporting Period, the manager of the Key Employee Share Purchase Plan was not changed.

The key employees held 19,609,457 A shares of the Company in total through the Key Employee Share Purchase Plan as at the end of the Reporting Period, accounting for approximately 0.107% 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 of Directors held on October 29, 2018 and approved at the second extraordinary general meeting for 2018 held on December 14, 2018. For the Long-term Service Plan of the Company, the participants 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 the participants of 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.

Four 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 total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 17 employees qualified and applied for vesting, and their shares were vested; 1,952 employees were disqualified due to reasons including their resignation; and 4,123,472 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 total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 12 employees qualified and applied for vesting, and their shares were vested; 2,248 employees were disqualified due to reasons including their resignation; and 4,084,684 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 total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 13 employees qualified and applied for vesting, and their shares were vested; 9,704 employees were disqualified due to reasons including their resignation; and 7,109,096 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 total share capital of the Company at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2022 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on March 27, 2022 and March 28, 2022 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, one employee qualified and applied for vesting, and the corresponding shares were vested; 9,868 employees were disqualified due to reasons including their resignation, and 8,521,133 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

During the Reporting Period, the manager of the Long-term Service Plan was not changed.

The Long-term Service Plan held a total of 254,463,584 A shares of the Company as at the end of the Reporting Period, accounting for approximately 1.392% of the total share capital of the Company.

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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 long-term, sustainable and healthy development of the Company.

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company did not implement any share incentive scheme based on the Company's shares.

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		-
Guarantee of the Company and its subsidiaries in favor of its subsidiaries		
Total guarantee in favor of its subsidiaries incurred during the Reporting Period		(22,416)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period		14,236
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)		
Total guarantee		14,236
Total guarantee as a percentage of the Company's net assets (%)		1.7
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of December 31, 2022)		13,517
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) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB4,128 million less the guarantee repayment of RMB26,544 million.

Independent Opinions Of Independent Non-Executive Directors On External Guarantee 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 2022. Their specific statements and independent opinions are set out as follows:

1. During the Reporting Period, the Company did not provide any guarantee to its controlling shareholder or other related parties in which the Company holds less than 50% shares, or any non-legal-person entities or individuals;
2. During the Reporting Period, the total guarantee withdrawal provided by the Company and its subsidiaries amounted to RMB4,128 million. The total guarantee balance of the Company and its subsidiaries was RMB14,236 million as of December 31, 2022, representing 1.7% of the Company's net assets. The balance did not exceed 50% of the net assets as stated in the financial statements of the latest fiscal year of the Company;

3. During the Reporting Period, the Company has 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;
4. During the Reporting Period, the Company has 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 compliance with the relevant requirements under the *SSE Listing Rules* and the *Articles of Association*.

Entrustment, Underwriting, Lease, Entrusted Asset Management, Entrusted Lending And Other Material Contracts

No matter relating to entrustment, underwriting, lease or other material contracts of the Company was required to be disclosed during the Reporting Period.

During the Reporting Period, the Company did not engage in any entrusted asset management or entrusted lending outside its ordinary business scope. 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 Enterprises

Pursuant to the tax laws and regulations of the Chinese mainland, the Company is required to withhold 10% enterprise income tax when it distributes dividend 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 (Macau). 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 as well as 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 H shares of the Company 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 H shares of the Company 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 H shares of the Company 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 H shares of the Company 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 entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of 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 advisors for tax effects regarding their holding and disposing of the shares of the Company, involving the Chinese mainland, Hong Kong and other countries and regions.

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 2022 *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 2022 totaled RMB224 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 was required to be disclosed.

INTEGRITY CONDITIONS OF THE COMPANY

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

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 CBIRC, the Group has set up the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors. The Committee oversees the protection of consumer rights, optimizes the consumer rights protection structure, determines the responsibilities for consumer rights protection, improves the consumer rights protection framework, strengthens the implementation and oversight of decisions on consumer rights protection, 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 enhances consumer rights protection capabilities.

There was no material and serious dispute between the Group and its customers in 2022.

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 controls system 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.

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COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group maintained compliance with relevant laws and regulations that have significant impacts on operations of the Group.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigations or arbitrations that were required to be disclosed.

PENALTIES AND RECTIFICATION

During the Reporting Period, neither the Company nor the Directors, the Supervisors, or the senior management of the Company 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 the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not engage in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.
- (2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute related party transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into such transactions with Shenzhen Development Bank by following the principle of “openness, fairness and justness” at fair and reasonable market prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents, and shall perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or make Shenzhen Development Bank undertake any illicit obligations through the 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 its independence from Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As of December 31, 2022, 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, 2022, the following persons (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company 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)	1,191,512,764	Long position	15.99	6.51
UBS Group AG	H	Interest of controlled corporations	(2)	584,612,596	Long position	7.84	3.19
		Interest of controlled corporations	(2)	335,593,905	Short position	4.50	1.83
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	342,745,366	Long position	4.60	1.87
		Investment manager		102,692,709	Long position	1.37	0.56
		Person having a security interest in shares		1,135,299	Long position	0.01	0.00
		Trustee		9,654	Long position	0.00	0.00
		Approved lending agent	(3)	226,623,261	Lending pool	3.04	1.23
		Total:	(3)	673,206,289		9.03	3.68
Citigroup Inc.	H	Interest of controlled corporations	(4)	42,175,475	Long position	0.56	0.23
		Approved lending agent	(4)	424,215,178	Lending pool	5.69	2.32
		Total:	(4)	466,390,653		6.26	2.55
BlackRock, Inc.	H	Interest of controlled corporations	(5)	381,425,554	Long position	5.12	2.08
		Interest of controlled corporations	(5)	563,000	Short position	0.00	0.00
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

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Notes:

- (1) According to the disclosure form filed by CP Group Ltd. on November 3, 2022, CP Group Ltd. was deemed to be interested in a total of 1,191,512,764 H shares (long position) of the Company by virtue of its control over several wholly-owned corporations.
- (2) According to the disclosure form filed by UBS Group AG on January 4, 2023, UBS Group AG was deemed to be interested in a total of 584,612,596 H shares (long position) and 335,593,905 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 286,045,340 H shares (long position) and 272,512,561 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	7,627,117
	Short position	6,169,330
Listed derivatives - Cash settled	Long position	6,861,850
	Short position	1,962,100
Unlisted derivatives - Physically settled	Long position	186,363,772
	Short position	164,331,015
Unlisted derivatives - Cash settled	Long position	85,192,601
	Short position	100,050,116

- (3) According to the disclosure form filed by JPMorgan Chase & Co. on December 28, 2022, JPMorgan Chase & Co. was deemed to be interested in a total of 673,206,289 H shares (long position) and 339,071,315 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 226,623,261 H shares (long position). In addition, 310,673,472 H shares (long position) and 138,547,463 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	34,420,000
	Short position	61,336,500
Listed derivatives - Cash settled	Long position	3,514,600
	Short position	5,077,650
Unlisted derivatives - Physically settled	Long position	225,100,762
	Short position	33,957,787
Unlisted derivatives - Cash settled	Long position	46,856,137
	Short position	20,874,512
Listed derivatives - Convertible instruments	Long position	781,973
	Short position	17,301,014

- (4) According to the disclosure form filed by Citigroup Inc. on December 30, 2022, Citigroup Inc. was deemed to be interested in a total of 466,390,653 H shares (long position) and 22,758,360 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 424,215,178 H shares (long position). In addition, 29,886,973 H shares (long position) and 21,689,320 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position Short position	4,535,206 3,778,040
Unlisted derivatives - Physically settled	Long position Short position	6,993,019 15,859,181
Unlisted derivatives - Cash settled	Long position Short position	18,358,748 2,052,099

- (5) According to the disclosure form filed by BlackRock, Inc. on January 4, 2023, BlackRock, Inc. was deemed to be interested in a total of 381,425,554 H shares (long position) and 563,000 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 4,008,465 H shares (long position) and 546,500 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Unlisted derivatives - Cash settled	Long position Short position	3,066,000 546,500
Listed derivatives - Convertible instruments	Long position	942,465

- (6) Figures for the percentage of H shares held have been rounded down to the nearest second decimal place, so they may not add up to the totals due to rounding. The percentage figures are based on the number of shares of the Company as of December 31, 2022.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of December 31, 2022, no person (other than the Directors, Supervisors and chief executives of the Company) had any interest or short position in the shares and underlying shares of the Company 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 15, 2023