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 2019.

SUMMARY OF FINANCIAL INFORMATION
A summary of the results, assets and liabilities of the Group for the past five years is set out in the section headed “Five-Year Summary.”

MAJOR CUSTOMERS
In 2019, revenue from the Group’s five largest customers accounted for less than 1% of the total revenue for the year.

RELATIONSHIPS WITH CUSTOMERS
The Group believes that it is important to maintain good relationships with its customers to attain its long-term goal of becoming “a world-leading technology-powered retail financial services group.” To achieve this goal and maintain the leading position in terms of brand value, the Group is committed to delivering high-quality financial services to its customers. During 2019, there was no material and significant dispute between the Group and its customers.

IMPLEMENTATION OF CASH DIVIDEND POLICY AND PROFIT DISTRIBUTION PLANS DURING THE REPORTING PERIOD
Cash Dividend Policy
According to Article 217 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 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 operation 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 listen to 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, it 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 2018 profit distribution plan of the Company was deliberated and approved at the 2018 Annual General Meeting, pursuant to which the Company paid in cash the 2018 final dividend of RMB1.10 (tax inclusive) per share, based on its total share capital of 18,280,241,410 shares.

The 2019 interim profit distribution plan of the Company was deliberated and approved at the 8th meeting of the 11th Board of Directors held on August 15, 2019, pursuant to which the Company paid in cash the 2019 interim dividend of RMB0.75 (tax inclusive) per share, based on 18,222,646,803 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 fully protected 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 2019 are set out in the section headed “FINANCIAL STATEMENTS”.

As stated in the 2019 audited financial statements of the Group prepared under CAS and IFRS respectively, the net profit attributable to shareholders of the parent company was RMB149,407 million and the net profit of the parent company was RMB61,678 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 taking into account the retained profit carried forward 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 RMB100,153 million.

The Company distributed the 2019 interim dividend of RMB0.75 (tax inclusive) per share, which amounted to RMB13,666,985,102.25. The Board of Directors proposes to distribute the 2019 final dividend of RMB1.30 per share (tax inclusive) in cash to the shareholders of the Company. Pursuant to the Detailed Rules for Implementation of Share Repurchase by Listed Companies promulgated by the SSE and the applicable regulations, the Company’s A shares in the Company’s repurchased securities account (if any) after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. At present, it is difficult to predict the total number of shares that will be entitled to the final dividend distribution on the record date of A shareholders (the “Actual Number of Shares Entitled to the Dividend Distribution”). Therefore, we cannot determine the actual total amount of the final dividend payment now. The total amount of the final dividend payment for 2019 is estimated at RMB23,689,440,843.90 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 57,594,607 A shares of the Company in the repurchased securities account as of December 31, 2019. The actual total amount of final dividend payment is subject to the Actual Number of Shares Entitled to the Dividend Distribution. 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 2020. 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 funding for subsidiaries so that they can maintain reasonable solvency margin ratios or capital adequacy ratios.
The above plan will be implemented upon deliberation and approval at the 2019 Annual General Meeting. The profit distribution plan is in line with the Articles of Association and relevant deliberation procedures and fully protects legitimate interests of the minority shareholders of the Company. All the Independent 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 three years, please refer to the section headed “Liquidity and Capital Resources.”

**DISTRIBUTABLE RESERVES**

As of December 31, 2019, the Company’s distributable reserves totaled RMB100,153 million. The Company has proposed to distribute the 2019 final dividend of RMB1.30 per share (tax inclusive) in cash. After deduction of the 2019 final dividend, the remaining distributable reserves were carried forward to 2020. Besides, the Company’s capital reserve and surplus reserve amounted to RMB140,901 million, which can be distributed in a future capital issue.

**MANAGEMENT DISCUSSION AND ANALYSIS**

For management discussion and analysis, please refer to the section headed “Management Discussion and Analysis.”

**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, 2019, HKD3,981,742,342.12 had not been used; the difference between the unutilized proceeds and the balance of the specific fund-raising account (HKD4,082,069,569.86) came mainly as a result of interest earned on the proceeds. Details of use of proceeds during 2019 are as follows:

<table>
<thead>
<tr>
<th>Total proceeds raised from the issue</th>
<th>Balance of unutilized proceeds as at January 1, 2019</th>
<th>Intended use of the proceeds as previously disclosed</th>
<th>Proceeds used during the Reporting Period</th>
<th>Balance of unutilized proceeds as at December 31, 2019</th>
<th>Utilization plan for the unutilized proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>HKD36,831,472,000</td>
<td>HKD3,981,742,342.12</td>
<td>To develop the Company’s main businesses and replenish its equity and working capital</td>
<td>-</td>
<td>HKD3,981,742,342.12</td>
<td>No concrete utilization plan currently. To be utilized in line with business development.</td>
</tr>
</tbody>
</table>

**PARTICULARS ON INVESTMENT DURING THE REPORTING PERIOD**

The funds not raised from the placing mainly come from the Company’s core insurance business. The Company has been strictly following the relevant requirements of the CBIRC on the management of insurance funds. All the investments of insurance funds were made in the normal course of day-to-day operations.

**EQUITY INVESTMENT DURING THE REPORTING PERIOD**

For equity investments, please refer to the section headed “Significant Events.”

**SHARE CAPITAL**

The change in share capital of the Company in 2019 and the share capital structure of the Company as of December 31, 2019 are set out in the section headed “Changes in the Share Capital and Shareholders’ Profile.”

**RESERVES**

Details of movements in the reserves of the Company and the Group during 2019 are set out in the section headed “Consolidated Statement of Changes in Equity.”
CHARITABLE AND OTHER DONATIONS
Charitable donations made by the Group during 2019 totaled RMB302 million.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES
Details of movements in property and equipment and investment properties of the Group during 2019 are set out in Notes 33 and 32 to the consolidated 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, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY
In view of the Company’s confidence in its sustainable development, and to safeguard the interests of investors, further establish and improve the long-term incentive mechanism and pursue a long-term and sustainable value for shareholders, taking into account the Company’s operating conditions, financial position, and future profitability and development prospects, the Company had purchased a total of 57,594,607 A shares of the Company by means of centralized bidding transaction via the system of the SSE in 2019, representing 0.31506% of the total share capital of the Company. The total amount of funds paid was RMB5,000,000,171.09 (exclusive of transaction costs)/RMB5,000,850,193.53 (inclusive of transaction costs). 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 Company’s general meeting. The monthly breakdown of A Share repurchase made by the Company during 2019 is as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Shares repurchased</th>
<th>Highest transaction price per share (RMB)</th>
<th>Lowest transaction price per share (RMB)</th>
<th>Total amount of funds paid (RMB, exclusive of transaction cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2019</td>
<td>40,022,907</td>
<td>88.09</td>
<td>79.85</td>
<td>3,420,205,332.63</td>
</tr>
<tr>
<td>July 2019</td>
<td>17,571,700</td>
<td>91.43</td>
<td>87.79</td>
<td>1,579,794,838.46</td>
</tr>
</tbody>
</table>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the period from January 1, 2019 to December 31, 2019.

DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS AND REMUNERATIONS
According to the resolutions of the 25th meeting of the 7th Board of Directors and the 2nd meeting of the 7th Supervisory Committee of the Company, the Company entered into service contracts with all Directors of the 11th Board of Directors in July 2018 and August 2019, and with all Supervisors of the 9th Supervisory Committee in July 2018. Terms, duties, remuneration packages, confidentiality duties of Directors and Supervisors and commencement and termination of contracts were specified in the service contracts. As of December 31, 2019, no Directors or Supervisors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

Details of remunerations for the Directors and Supervisors for the year ended December 31, 2019 are set out in Note 57 to the consolidated financial statements.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE
In 2019, 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.
DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES
In 2019, 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 Directors’ and senior management’s liabilities in respect of 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 Annual Report.

POST BALANCE SHEET EVENTS
Details of the post balance sheet events are set out in Note 63 to the consolidated financial statements.

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE HKEX LISTING RULES
None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the Corporate Governance Code for any part of the period from January 1, 2019 to December 31, 2019, except that Mr. Ma Mingzhe has occupied both the positions of the Chairman and Chief Executive Officer of the Company. Further details of the Company’s arrangements and considered reasons for the Company’s intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company are set out in the section headed “Corporate Governance Report.”

AUDITORS
According to the resolution made at the 2018 Annual General Meeting of the Company, the Company continued to engage PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as auditors of the Company’s financial statements under CAS and IFRS respectively, and engaged PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company’s internal controls in 2019.

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 Annual Report, being February 20, 2020, at all times during the year ended December 31, 2019, 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.

By order of the Board of Directors

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
February 20, 2020