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CPIC（SH601601, HK02601, LSE CPIC）

Stock Data (ending Dec. 31, 2021)

Total equity base (in million)	9, 620
A-share	6, 845
H-share	2, 775
Total Cap (in RMB million)	233, 635
A-share	185, 638
H-share (in HKD million)	58, 698
6-month highest/lowest	
A-share (in RMB)	29. 84/25. 59
H-share (in HKD)	25. 80/20. 95
GDR (in USD)	24. 20/20. 10

Contents

IR Calendar

Premium Income (Unit: in RMB million)

	Jan.- Nov.	Changes	Nov.	Changes
P&C	140, 063	2. 97%	11, 524	4. 62%
Life	201, 296	-0. 64%	9, 459	5. 31%

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Company News

● CPIC kicks off Qingdao Project of Retirement Communities

CPIC plans to remodel its Qingdao building into a retirement community for continued care. The project has a floor space of nearly 20,000 square meters, with abundant health care and tourism amenities nearby. It has a capacity of 200 flats providing geriatric nursing, basic care and health management services to senior citizens or disabled elderly people. At the same time, the community will foster rehab capabilities centering on hearts & lungs, nervous system and cancer.

To date, the company has 10 retirement communities in 9 cities of China, of which, those in Chengdu and Dali have become operational.

● CPIC contributes to building of Pudong Pioneer Area and Lingang New Area

On Dec. 24, CPIC signed agreements of strategic co-operation with the Pudong New District Government and the Administration Committee of Lingang New Area, respectively. Meanwhile, CPIC AMC and CPIC Fund inked a separate co-operation agreement with the Financial Service Bureau of Pudong and the Lujiazui Service Bureau on the building of Shanghai as a global asset management center.

The “2+1” agreements mainly include commitments by the company to assist in the building of Shanghai as a global asset management and reinsurance center; to help transform the city into a green finance hub connecting China and the world; to contribute to the efforts to build Pudong into the core of the International Technological Innovation Centre; to foster world cutting-edge industry clusters; to help modernize urban administration capabilities; and to lead the development of retirement, rehabilitation and health care industries.

Briefing

● Summary of Investor Q&A

1．Q: How are things going with your jump-start presale? Is it in line with your expectation? What is your guidance for Q1 2022?

A: The jump-start was kicked off on Dec. 8, and the presale so far was overall in line with our expectations. But the arrangements for Q1 2022 would be much different from those of previous years. The traditional mode for the jump-start was massive recruiting, short-term incentives and product push, which we believe are neither compatible with the direction of the transformation we are pursuing nor sustainable. In this sense, the jump-start of 2022 marks the transition between old and new. First, in terms of recruitment, we have stepped up quality control, and newly- recruited agents would be less than in previous years. Second, there will be no separate schemes of incentives. We will switch to the new Basic Law (i.e. rules on compensation and management of agents) on Jan. 1, 2022. Rules on recruitment and agent development were already adopted in November. In the context of the new Basic Law, there will be no short-term incentives other than what is provided under the agent honor system. We hope this would smooth out the short-term peaks and troughs resulting from high incentives, and minimize arbitrage. Third, in products, we have launched a savings product "Xinxiang Shicheng", with whole life and upgraded critical illness products to be launched at a later stage. Changxiangban, a whole life insurance plan, made its debut on Dec. 19. Given lower volume target of Xinxiang Shicheng, we expect less presales from the same period of last year, but there will be improvement in product mix and NBV margin.

Currently the top priority for the company is to maintain consistency and confidence. We will press ahead with transformation towards the targets set out in the Changhang Action Plan, particularly the implementation of the Career Agents Project.

2. Q: How can you maintain the morale of your sales force if there are no incentives ad hoc. Any adjustments of the KPIs for branch offices?

A: We now promote business development via the new Basic Law, as it has unified the previous short-term, ad hoc or transitional incentive schemes. Rewards for agents would depend on their actual performance versus the thresholds, which essentially integrates the previous short-term incentives into the Basic Law, providing agents with more stable expectations. Under the new Basic Law, income is closely tied to performance, and so high-performing agents are strongly motivated. We also conducted an advocacy programme of the new Basic Law in November, which was well received by agents, in particular the productive ones. At the same time, the amended Basic Law encourages agent teams to enhance capability of independent operation, and we expect to see some tangible results in the improvement of agency force quality in the second half of 2022.

We've always been practical in performance evaluation of branch offices, setting business targets based on their realities and capabilities. In 2022, there will be some further changes. First, we will look more closely at the actual situation of the sales force of each of our branches, giving priority to key regions such as the Yangtze River Delta Region, the Integrated Area of Beijing, Tianjin and Hebei, and the Greater Bay Area, and matching targets with resources-allocation. Second, delivery and process are equally important. Requirements for certain actions in transformation and indicators measuring the interim progress will be incorporated into the KPI system, with a relatively large weighting, and we hope this could focus the attention of branch offices not only to fulfillment of business targets, but also performance of transformation actions.

3. Q: You highlighted the direction of career-based transformation of the sales force. How is your recruitment in the new Basic Law aligned with the target?

A: We unveiled the Changhang Partner Programme in November, which is an important supportive platform of the new Basic Law. As for policies for new recruits, traditionally we would offer a special subsidy for 3-9 months, based on their monthly FYC (first-year commission), which may vary from branch to branch. The new Basic Law unifies this nationwide. In the meantime, the coaching period for new recruits will be extended to 12 months, coupled with training courses and exams, seeking to lay the foundation for their long-term development. On the other hand, in terms of compensation, the company will set up an entrepreneurship fund, which is like a reservoir, funded by financial subsidies for 12 months and FYC. Every month the new recruits can withdraw a certain proportion of funds from the “reservoir”. The rationale is to lengthen the coaching period and smooth out their income across the period. Of course, the new recruits will face strict training and examination requirements during this one-year period in order to acquire, step-by-step, necessary professional expertise and customer service skills.

4. Q: Do you expect further decline of agent headcount next year? What is your target for high-performing and ultra high-performing agents?

A: Instead of total number of agents, we focus more on the stability of high-performing agents, and we hope their share will increase and the mix of the agency force can gradually improve. In 2021, the number of ultra high-performing agents rose amid decline of the total headcount, and we will continue to set challenging targets for this agent cohort in 2022. We are working hard along these lines.

5. Q: Any plans for products including critical illness products?

A: We will continue to enhance integration of insurance products and services. We will diversify the supply of health and retirement services. There won’t be drastic changes to the design of products in the short-term.

6. Q: There have been sporadic cases of COVID-19 infections. How does

this impact your business?

A: Business of certain branch offices has been adversely impacted, as a result of, say, disruption to normal work, or inability to hold big events. We strictly followed instructions of local governments in pandemic control and have enhanced business management via the on-line mode. We have made adequate preparations and formulated contingency plans. For example, recently, in response to the resurgence of infections in Zhejiang, we initiated the contingency plan and local employees in key positions were able to work from home, ensuring the normal operation of the branch office. Of course, pure on-line mode cannot fully replace the off-line mode, especially for sales-related activity, such as training or customer engagement events. We are doing the best we can to mitigate the impact.