阳光保险集团
SUNSHINE INSURANCE GROUP

Sunshine Insurance Group Company Limited
陽光保險集團股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6963)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The Board of Directors of Sunshine Insurance Group Company Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2024, together with the comparative figures for the corresponding period in 2023, which should be read in conjunction with the following Management Discussion and Analysis. Unless otherwise stated, the currencies listed in this announcement are RMB.

CHAIRMAN'S STATEMENT

The past year has been an extraordinary journey for the insurance industry. The Third Plenary Session of the 20th Central Committee of the Communist Party of China set higher requirements for the development of the insurance sector. The new "Ten National Guidelines" (新「國十條」) outlined a strategic plan for the high-quality development of the insurance industry. Concurrently, a series of reform measures, such as "unified commission fees in reporting and underwriting (報行合一)" and "Downward Adjustment of Pricing Interest Rates for Life Insurance (人身險預定利率下調)", have been effectively implemented, providing a boost to the industry's recovery and revitalization in the low-interest-rate environment. The insurance industry is now facing a historic opportunity for high-quality development. By aligning with this trend of high-quality development, Sunshine Insurance adheres to the value-driven development philosophy of "seeking progress amidst quality". The "New Sunshine Strategy (新陽光戰略)" has been fully launched and is being systematically advanced, with significant progress in key areas and overall operations showing a positive trend.

In this year, our core business operations have remained stable. The group's total premium income for the year reached RMB128.38 billion, a year-on-year increase of 8.0%, while insurance service revenue amounted to RMB64.00 billion, a year-on-year increase of 6.9%. The net profit attributable to equity owners of the parent was RMB5.45 billion, reflecting a year-on-year growth of 45.8%. The group's embedded value stood at RMB115.76 billion, an increase of 11.2% from the end of the previous year. The total investment yield was 4.3%, and the comprehensive investment yield was 6.5%. Sunshine Life's first year regular premiums (FYRPs) reached RMB20.37 billion, a year-on-year increase of 12.6%, while the value of new business amounted to RMB5.15 billion, up 43.3% year-on-year. Sunshine P&C achieved an original premium income of RMB47.82 billion, a year-on-year increase of 8.1%, and a comprehensive combined ratio of 99.7%. Sunshine Asset Management's assets under management totaled RMB744.61 billion, with the comprehensive yield on equity assets significantly outperforming the market, and the comprehensive investment yield of entrusted assets remains at an industry-leading level.

In this year, we comprehensively deepened our customer initiatives. Adhering to the "Four Standards (四性)" of customer service — value, characteristics, practicality and usability — we streamlined service mechanisms, enhanced customer insights, and optimized service delivery. Guided by the "Matrix Plan and Partnership Action" strategic plan, we strengthened customer engagement. Focusing on the "Matrix Plan" across the entire life cycle of the customers, Sunshine Life deepened its unique "three/five/seven (三/五/七)" product system, launching nearly 100 new products, including critical illness insurance for children, maternity medical insurance, and pension annuities. The number of mid-to-high net worth customers among new policyholders grew significantly, with average premium and value per customer increasing steadily. Sunshine P&C achieved exploratory success with its "Partnership Action", enhancing risk management service capabilities in industries such as hospitality and warehousing. The company provided technology-driven loss reduction and professional risk consulting services to over 15 thousand corporate clients. By the end of 2024, the group had approximately 30.19 million active customers.

In this year, we continued to strengthen our core capabilities and solidify value-driven development. Sunshine Life adhered to the strategy of "transforming channels into platforms (渠道變平台)", achieving synergistic progress across multiple platforms. The individual insurance sector deepened and upgraded the "differentiated" model for its "One Body (一身)", while rapidly enhancing the "value-orientation" capabilities of its "Two Wings (兩翼)". As a result, the individual insurance sector achieved a growth in the value of new business by 33.1%, and an increase in per capita productivity by 21.9%. Notably, through forward-looking analysis and strengthened asset-liability management, we proactively and effectively addressed the challenges posed by the downward trend in interest rates, and continued to optimize the profit structure by centering on the management of the "three margins (三差)". Focusing on the "three mortality tables (三張生命表)", Sunshine P&C comprehensively built core competencies in risk pricing, resource allocation, cost management, and customer engagement. The auto insurance improved its capability of refined customer management, resulting in household auto premiums growing by 5.4%, its share increasing by 2.0 percentage points, and the target customer groups' share rising by 14.1 percentage points. The non-auto insurance continuously enriched and optimized its product offerings and service coverage, thereby enhancing its market expansion capabilities.

In this year, we deepened the application of data intelligence and drove transformation through technology. The Company established a technology subsidiary, Sunshine DIG & AI TECH, and led the formation of a digital intelligence innovation consortium comprising 72 entities from sectors including technology, insurance, and investment among others. These initiatives leveraged market-oriented mechanisms to enhance the Company's technological capabilities and team vitality. Through a dual-drive approach of internal R&D and external collaboration, we stayed at the forefront of technological development, deeply embedded "AI+" in the insurance vertical, and propelled comprehensive intelligent upgrades in sales, services, and management, yielding tangible business results.

In this year, we focused on advancing the "five priorities (五篇大文章)" in the financial sector and continuously enhanced our ability to support national strategies and fulfill social responsibilities. Throughout the year, we provided RMB157.9 trillion in risk coverage. In the face of disasters such as snow and ice storms and Typhoon "Yagi", Sunshine employees were on the front lines, demonstrating resilience and commitment. Specifically, we offered RMB71 trillion in risk coverage for the real economy and provided over RMB463.1 billion in financial support. To foster the development of small, micro and sci-tech enterprises, we provided RMB412.8 billion in risk coverage for 39 thousand small and micro businesses and RMB41.3 billion in risk coverage for sci-tech companies. We also promoted green transformation and sustainable development, offering nearly RMB16 trillion in green insurance coverage for the year and maintaining a sustainable investment balance exceeding RMB58 billion.

The year 2025 marks the conclusion of China's 14th Five-Year Plan, and the Chinese insurance industry is destined to embark on an extraordinary development path amid intertwined challenges and opportunities. While challenges such as the long-term downward trend in interest rates and intensified market competition are becoming more severe, the insurance market will also see more opportunities, coming from customers' heightened risk awareness brought by the declining interest rates, coupled with trends like the silver economy, digital transformation, and the widespread application of large-scale models such as DeepSeek. At the same time, as the effects of the government's comprehensive policies to stabilize growth become evident, the potential for economic growth will continue to be unleashed. A positive macroeconomic environment will create favorable conditions for the steady development of the insurance industry. The high-quality transformation of the insurance sector will deepen further, opening up new growth prospects. Therefore, we must remain steadfast in our resolve, committed to transformation, and clear-headed in taking proactive actions. In our operations, we will not only focus on achieving quantitative business targets but also prioritize the implementation of strategic goals. Like a phoenix rising from the ashes, we will emerge stronger and renewed.

Assessing the situation and prioritizing quality. In the new landscape, the Company will place greater emphasis on connotative development, specialized operations, and refined management, thereby solidly advancing high-quality development. The Group will adhere to the development principle of “stability first, quality over speed”, with a comprehensive upgrade in focuses and requirements on operating costs, liability costs, profit value, and business structure. Sunshine Life will uphold the dual principles of both value enhancement and cost reduction, by continuously lowering overall and new policy liability costs, optimizing product and business structures and comprehensively improving the “three margins” structure. Sunshine P&C will fundamentally shift its operational mindset, highlighting the main emphasis on profitability, solidifying the foundation of core capabilities, and laying a robust groundwork for development, thereby using strong and effective management to propel the path of high-quality development.

Making core breakthroughs and focusing on capability enhancement. At the heart of the principle “stability first, quality over speed” lies the development of core competitiveness. In 2025, we will focus on achieving capability breakthroughs in key areas of the “New Sunshine Strategy (新陽光戰略)”. While steadfastly advancing the “One Body, Two Wings (一身兩翼)” and “three/five/seven (三/五/七)” strategies, Sunshine Life will launch the dual-breakthrough initiative — breaking through in urban business and breaking through in life insurance products, and prioritize refining profit source management, optimizing product structures, and reducing liability costs throughout the year. Sunshine P&C will continue to leverage the “Three Mortality Tables” and the “Partnership Action” as fundamental drivers for core capability building, aiming for substantial breakthroughs in the operation of new energy vehicles and the service capabilities of the “Partnership Action”, thereby comprehensively enhancing sustainable profitability. The investment sector will remain firmly committed to asset-liability matching, strengthening the management of asset allocation risk exposures, while in areas supported by national policies, as well as mergers and acquisitions, actively seeking high-quality assets and developing industrial layouts to build a portfolio that can withstand economic cycles.

Staying true to our original aspiration and rooting it in service. We are firmly committed to the political consciousness and people-centeredness of financial task, and leveraging insurance service innovations to effectively support national strategies such as the real economy, green economy, industrial upgrading, technological innovation, and new energy vehicles. We continue to optimize inclusive financial services with a focus on microfinance, and enhance our ability to support people’s livelihoods. We vigorously grow agricultural insurance to effectively bolster the rural revitalization strategy. Taking advantage of the national push for the personal pension system, we are fully advancing the insurance business rooted in silver-haired demographics. By actively leveraging the insurance industry’s strengths in long-term investment and “patient capital”, we are increasing investments in strategic emerging industries, advanced manufacturing, and new infrastructure, effectively propelling the development of the nation’s new quality productivity.

The year 2025 marks the coming-of-age milestone for Sunshine Insurance. Despite the unprecedented challenges brought by economic shifts and societal transformation to the insurance industry, Sunshine Insurance is confident in its ability to face these challenges head-on and deliver a satisfactory performance, thereby contributing Sunshine's strength to the financial sector's high-quality development and the nation's transformation into a financial power.

Sunshine Insurance Group Company Limited
陽光保險集團股份有限公司
ZHANG Weigong
Founder, Chairman of the Board

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	**2024**	2023
Insurance revenue	*4*	**64,004**	59,900
Interest income		**9,542**	9,894
Investment income	*5*	**13,134**	5,348
Share of profits and losses of associates and joint ventures		**494**	(216)
Other income		**3,096**	3,298
Total revenues		**90,270**	78,224
Insurance service expenses		**(58,494)**	(56,892)
Allocation of reinsurance premiums paid		**(1,907)**	(2,174)
Less: Amount recovered from reinsurers		**1,780**	2,604
Net insurance finance expenses for insurance contracts issued		**(11,861)**	(8,900)
Less: Net reinsurance finance income for reinsurance contracts held		**151**	117
Expected credit losses		**(2,377)**	(364)
Finance costs		**(1,335)**	(1,127)
Other operating and administrative expenses		**(8,122)**	(5,714)
Total expenses		**(82,165)**	(72,450)
Profit before tax		**8,105**	5,774
Income tax	*6*	**(2,565)**	(1,908)
Net profit		**5,540**	3,866
Attributable to:			
Owners of the parent		**5,449**	3,738
Non-controlling interests		**91**	128
Earnings per share attributable to ordinary equity holders of the parent:	*7*		
– Basic		**RMB0.47**	RMB0.32
– Diluted		**RMB0.47**	RMB0.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(All amounts expressed in RMB million unless otherwise specified)

	2024	2023
Net profit	**5,540**	3,866
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	**16,197**	5,565
Credit risks provision of debt instruments at fair value through other comprehensive income	**1,204**	132
Insurance finance expenses for insurance contracts issued	**(25,069)**	(11,239)
Reinsurance finance income for reinsurance contracts held	**23**	7
Exchange differences on translating foreign operations	**(129)**	32
Share of other comprehensive income of associates and joint ventures	**15**	(98)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates and joint ventures	**(4)**	–
Changes in the fair value of equity instruments at fair value through other comprehensive income	**7,781**	(619)
Insurance finance expenses for insurance contracts issued	**(1,739)**	451
Other comprehensive income for the year, net of tax	**(1,721)**	(5,769)
Total comprehensive income for the year, net of tax	**3,819**	(1,903)
Attributable to:		
Equity owners of the parent	**3,724**	(2,037)
Non-controlling interests	**95**	134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	**31 December 2024**	31 December 2023
ASSETS			
Property and equipment		**18,980**	19,768
Right-of-use assets		**2,372**	2,522
Investment properties		**9,710**	9,308
Investments in associates and joint ventures		**10,445**	10,476
Financial Investments:			
Financial assets at fair value through profit or loss		**137,579**	125,367
Financial assets at amortised cost		**2,411**	–
Debt financial assets at fair value through other comprehensive income		**311,971**	260,618
Equity financial assets at fair value through other comprehensive income		**48,034**	31,831
Term deposits		**9,917**	9,588
Statutory deposits		**6,506**	5,882
Securities purchased under agreements to resell		**5,300**	13,129
Insurance contract assets		**815**	1,111
Reinsurance contract assets		**5,259**	4,794
Deferred tax assets		**776**	1,260
Other assets		**5,009**	4,479
Cash at bank and on hand		**6,706**	13,553
Total assets		**581,790**	513,686

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2024
(All amounts expressed in RMB million unless otherwise specified)

	Notes	**31 December 2024**	31 December 2023
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities		**457,316**	385,377
Reinsurance contract liabilities		**23**	24
Lease liabilities		**594**	650
Bonds payable	*9*	**19,507**	19,414
Financial liabilities at fair value through profit or loss		**2,076**	3,780
Securities sold under agreements to repurchase	*10*	**22,939**	29,662
Tax payables		**982**	637
Premiums received in advance		**663**	569
Deferred tax liabilities		**1,492**	101
Other liabilities		**12,785**	11,683
Total liabilities		**518,377**	451,897
Equity			
Share capital		**11,502**	11,502
Reserves		**23,855**	25,068
Retained profits		**26,725**	23,876
Attributable to equity owners of the parent		**62,082**	60,446
Non-controlling interests		**1,331**	1,343
Total equity		**63,413**	61,789
Total liabilities and equity		**581,790**	513,686

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(All amounts expressed in RMB million unless otherwise specified)

	Attributable to equity owners of the parent													
		Reserves												
	Share capital	Capital reserves	Surplus reserves	General risk reserves	Agriculture catastrophic loss reserves	Nuclear catastrophic loss reserves	Financial assets at FVOCI reserves	Insurance finance reserve	Foreign currency translation reserves	Other reserves	Retained profits	Subtotal	Non-controlling interests	Total equity
As at 1 January 2024	**11,502**	**25,897**	**1,557**	**6,404**	**57**	**20**	**6,178**	**(15,024)**	**143**	**(164)**	**23,876**	**60,446**	**1,343**	**61,789**
Net profit	-	-	-	-	-	-	-	-	-	-	5,449	5,449	91	5,540
Other comprehensive income	-	-	-	-	-	-	25,178	(26,785)	(129)	11	-	(1,725)	4	(1,721)
Total comprehensive income	-	-	-	-	-	-	25,178	(26,785)	(129)	11	5,449	3,724	95	3,819
Dividend declared	-	-	-	-	-	-	-	-	-	-	(2,070)	(2,070)	-	(2,070)
Appropriation to surplus reserves	-	-	262	-	-	-	-	-	-	-	(262)	-	-	-
Appropriation to general risk reserves	-	-	-	1,065	-	-	-	-	-	-	(1,065)	-	-	-
Appropriation to nuclear catastrophic loss reserves	-	-	-	-	-	9	-	-	-	-	(9)	-	-	-
Transfer of gains/(losses) on disposal of equity investments at fair value through other comprehensive income to retained profits	-	-	-	-	-	-	(806)	-	-	-	806	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(60)	(60)
Others	-	(18)	-	-	-	-	-	-	-	-	-	(18)	(47)	(65)
As at 31 December 2024	**11,502**	**25,879**	**1,819**	**7,469**	**57**	**29**	**30,550**	**(41,809)**	**14**	**(153)**	**26,725**	**62,082**	**1,331**	**63,413**

	Attributable to equity owners of the parent												Non-controlling interests	Total equity
		Reserves												
	Share capital	Capital reserves	Surplus reserves	General risk reserves	Agriculture catastrophic loss reserves	Nuclear catastrophic loss reserves	Financial assets at FVOCI reserves	Insurance finance reserve	Foreign currency translation reserves	Other reserves	Retained profits	Subtotal	Non-controlling interests	Total equity
As at 1 January 2023	11,502	25,893	1,332	5,756	57	12	244	(4,243)	111	(66)	23,951	64,549	1,279	65,828
Net profit	–	–	–	–	–	–	–	–	–	–	3,738	3,738	128	3,866
Other comprehensive income	–	–	–	–	–	–	5,072	(10,781)	32	(98)	–	(5,775)	6	(5,769)
Total comprehensive income	–	–	–	–	–	–	5,072	(10,781)	32	(98)	3,738	(2,037)	134	(1,903)
Dividend declared	–	–	–	–	–	–	–	–	–	–	(2,070)	(2,070)	–	(2,070)
Appropriation to surplus reserves	–	–	225	–	–	–	–	–	–	–	(225)	–	–	–
Appropriation to general risk reserves	–	–	–	648	–	–	–	–	–	–	(648)	–	–	–
Appropriation to nuclear catastrophic loss reserves	–	–	–	–	–	8	–	–	–	–	(8)	–	–	–
Transfer of gains/(losses) on disposal of equity investments at fair value through other comprehensive income to retained profits	–	–	–	–	–	–	862	–	–	–	(862)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(70)	(70)
Others	–	4	–	–	–	–	–	–	–	–	–	4	–	4
As at 31 December 2023	11,502	25,897	1,557	6,404	57	20	6,178	(15,024)	143	(164)	23,876	60,446	1,343	61,789

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(All amounts expressed in RMB million unless otherwise specified)

	2024	2023
Net cash inflows from operating activities	**32,603**	20,334
Cash flows from investing activities		
Purchases of property and equipment, intangible assets and other assets	**(602)**	(2,051)
Proceeds from disposals of property and equipment, intangible assets and other assets	**14**	106
Purchases of investments	**(301,209)**	(274,479)
Proceeds from disposals of investments	**246,865**	228,186
Interest received	**17,318**	11,895
Dividends received	**328**	311
Others	**(332)**	(379)
Net cash outflows from investing activities	**(37,618)**	(36,411)
Cash flows from financing activities		
(Decrease)/increase in securities sold under agreements to repurchase, net	**(6,714)**	12,169
Proceeds from issuance of asset-backed securities	**2,750**	2,750
Repayment of asset-backed securities	**(2,430)**	(320)
Proceeds from bonds issued	**–**	7,000
Interest paid	**(907)**	(710)
Dividends paid	**(1,919)**	(2,025)
Payment of principal portion of lease liabilities	**(498)**	(475)
Others	**34**	(263)
Net cash (outflows)/inflows from financing activities	**(9,684)**	18,126
Effects of foreign exchange rate changes	**9**	(184)
Net (decrease)/increase in cash and cash equivalents	**(14,690)**	1,865
Cash and cash equivalents at the beginning of the year	**26,695**	24,830
Cash and cash equivalents at the end of the year	**12,005**	26,695
Analysis of balances of cash and cash equivalents		
Cash at bank and on hand	**6,706**	13,551
Investments with an initial term within 3 months	**5,299**	13,144

1 CORPORATE INFORMATION

Sunshine Insurance Group Company Limited (the "**Company**") was established on 27 June 2007 in Shenzhen, the People's Republic of China (the "**PRC**") under the name of Sunshine Insurance Holdings Co., Ltd., according to the approval by the former China Insurance Regulatory Commission (the "**CIRC**"). On 23 January 2008, the Company officially changed its name to Sunshine Insurance Group Company Limited.

The business scope of the Company includes investing in insurance enterprises, supervising and managing various domestic and overseas businesses of subsidiaries, investment business permitted by national laws and regulations, as well as insurance business and other businesses approved by regulators.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are property and casualty insurance business, life insurance business, as well as asset management.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which have been measured at fair value, and insurance contract liabilities and assets, which have been measured based on actuarial methods. They are presented in Renminbi ("**RMB**") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Effective and issued but not yet effective IFRS Accounting Standards

(1) Effective IFRS Accounting Standards

The Group has adopted the following amendments for the first time for the current year's consolidated financial statements.

Standards/Amendments	**Content**
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-Current Liabilities with Covenants*
Amendments to IFRS 16	*Lease Liabilities in a Sale and Leaseback*
Amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments: Disclosures*	*Supplier Finance Arrangements*

The above amendments to the standards did not have any significant impact on the consolidated financial statements of the Group for the year ended 31 December 2024.

(2) Issued but not yet effective IFRS Accounting Standards

The Group has not adopted the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the consolidated financial statements.

Amendments	**Content**
IFRS 18	*Presentation and Disclosure in Financial Statements*[(i)]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[(i)]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[(ii)]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor or its Associate or Joint Venture*[(iii)]
Amendments to IAS 21	*Lack of Exchangeability*[(iv)]
Annual Improvements to IFRS Accounting Standards–Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[(ii)]

(i) Effective for annual periods beginning on or after 1 January 2027
(ii) Effective for annual periods beginning on or after 1 January 2026
(iii) No mandatory effective date yet determined but available for adoption
(iv) Effective for annual periods beginning on or after 1 January 2025

2.3 Material accounting policy information

(1) Financial instruments

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets

Recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Classification and measurement

The Group classifies its financial assets in the following measurement categories, which depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

(a) those to be measured at amortised cost ("**AC**");

(b) those to be measured at fair value through other comprehensive income ("**FVOCI**"); or

(c) those to be measured at fair value through profit or loss ("**FVPL**").

The Group determines the classification of debt investments according to its business model and the contractual cash flow characteristics of the financial assets. The debt investments shall be classified as FVPL if the cash flows characteristics cannot pass the test on solely payments of principal and interest on the principal amount. Otherwise, the classification of debt investments will depend on the business model provided the fair value option is not elected. Investments in equity instruments are classified as FVPL in general, except those designated as at FVOCI.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at amortised cost. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Any gain or loss arising from derecognition or impairment is recognised directly in profit or loss. Such assets held by the Group mainly include cash at bank and on hand, statutory deposits, securities purchased under agreements to resell and financial assets at AC.

(b) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income using the effective interest rate method and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Such assets held by the Group mainly include debt financial assets at FVOCI.

(c) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. The gains or losses from fair value changes on the debt investments measured at FVPL are recognised in profit or loss. The Group also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends, representing a return on such investments, continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, etc. A number of significant judgements are required in measuring the expected credit loss ("**ECL**"), such as:

(a) Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (EAD), probability of default (PD), loss given default (LGD), etc;

(b) Determining criteria for significant changes in credit risk; and

(c) Forward-looking information.

For the financial instruments subject to ECL measurement, the Group assesses the significant increase in credit risk since initial recognition or whether an instrument is considered to be credit impaired, outlines a "three-stage" model and sets staging definitions for each of these financial assets class. Incorporating forward-looking information, expected credit losses for financial assets are recognised into the different stages and measured the impairment provisions respectively.

Stage 1: A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The impairment provisions are measured at an amount equal to the 12-month expected credit losses for the financial assets which are not considered to have significantly increased in credit risk since initial recognition,

Stage 2: If a significant increase in credit risk ("**SICR**") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The impairment provisions are measured based on expected credit losses on a lifetime basis,

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The impairment provisions are measured based on expected credit losses on lifetime basis.

For the financial instruments at Stage 1 and Stage 2, the interest income is calculated based on its gross carrying amount (i.e., amortised cost) before adjusting for impairment provision using the effective interest method. For the financial instruments at Stage 3, the interest income is calculated based on the carrying amount of the asset, net of the impairment provision, using the effective interest method. Financial assets that are originated or purchased credit impaired are financial assets that are impaired at the time of initial recognition, and the impairment provision for these assets is the expected credit loss for the entire lifetime since initial recognition as purchased or originated credit-impaired financial assets.

The Group recognises or reverses the impairment provision through profit or loss. For debt instruments measured at FVOCI, impairment gains or losses are included in the net impairment losses on financial instruments and correspondingly reduce the accumulated changes in fair value included in the other comprehensive income reserves of equity.

Derecognition

Financial assets are derecognised when:

(a) the contractual rights to receive the cash flows from the financial assets have expired;

(b) they have been transferred and the Group transfers substantially all the risks and rewards of ownership; or

(c) they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When the equity financial assets measured at FVOCI are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to retained profits. When the other financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Financial liabilities

At initial recognition, the Group classifies a financial liability at fair value through profit or loss or other financial liabilities. The Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transaction costs of financial liabilities carried at FVPL are expensed in profit or loss.

When a financial liability (or part of it) is extinguished, the Group derecognises the financial liability (or part of it). The difference between the carrying amount of the derecognised liability and the consideration is recognised in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Financial liabilities held for trading are the financial liabilities that:

(a) are incurred principally for the purpose of repurchasing in the near term;

(b) on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) are derivatives (except for a derivative that is a designated and effective hedging instrument or a financial guarantee contract).

The above financial liabilities are subsequently measured at fair value. All the realised and unrealised gains and losses are recognised in profit or loss.

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel; or
(c) a contract contains one or more embedded derivatives, with the host being not an asset within the scope of IFRS 9, and the embedded derivative(s) do(es) significantly modify the cash flows.

Once designated as financial liabilities at fair value through profit or loss at initial recognition, the financial liabilities shall not be reclassified to other financial liabilities in subsequent periods. Financial liabilities designated at FVPL are subsequently measured at fair value. Any changes in fair value are recognised in profit or loss, except for changes in fair value arising from changes in the Group's own credit risk which are recognised in other comprehensive income. Changes in fair value due to changes in the Group's own credit risk are not subsequently reclassified to profit or loss upon derecognition of the liabilities.

Other financial liabilities

The Group measures other financial liabilities subsequently at amortised cost, using the effective interest method. Other financial liabilities of the Group mainly include securities purchased under agreements to resell, long-term borrowings and bonds payable.

(2) Insurance Contracts

Definition of insurance contract

Insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insured event is an uncertain future event covered by an insurance contract that creates insurance risk. Insurance risk is the risk, other than financial risk, transferred from the holder of a contract to the issuer. The Group applies IFRS 17 to:

(a) insurance contracts, including reinsurance contracts, the Group issues;

(b) reinsurance contracts the Group holds;

(c) insurance contracts the Group acquired in a transfer of insurance contracts or a business combination; and

(d) investment contracts with discretionary participation features the Group issues.

Reinsurance contract is an insurance contract issued by the reinsurer to compensate the cedent for claims arising from one or more insurance contracts issued by the cedent.

Investment contract with discretionary participation features is a financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, additional amounts:

(a) that are expected to be a significant portion of the total contractual benefits;

(b) the timing or amount of which are contractually at the discretion of the issuer; and

(c) that are contractually based on the returns on specified items.

Insurance contract with direct participation features is an insurance contract that meets the following conditions at inception:

(a) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

(b) the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and

(c) the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Identification of insurance contract

The Group assesses the significance of insurance risk contract by contract. A contract is an insurance contract only if it transfers significant insurance risk. A contract that meets the definition of an insurance contract remains an insurance contract until all rights and obligations are extinguished (i.e., discharged, cancelled or expired), unless the contract is derecognised because of a contract modification.

Below assessments are performed to determine whether the insurance risk is significant:

(a) Insurance risk is significant if, and only if, an insured event could cause the Group to pay additional amounts that are significant in any single scenario that has commercial substance, even if the insured event is extremely unlikely, or even if the expected probability-weighted present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. The additional amounts refer to the present value of amounts that exceed those that would be payable if no insured event had occurred. Those additional amounts include claims handling and assessment costs. Of these, the one without an economically identifiable effect on the transaction indicates a lack of commercial substance; and

(b) In addition, a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the Group has a possibility of a loss on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Combination of insurance contracts

A set or series of insurance contracts with the same or a related counterparty may achieve, or be designed to achieve, an overall commercial effect. In order to report the substance of such contracts, the Group treats the set or series of contracts as a whole.

Separating components from an insurance contract

An insurance contract may contain more components. The Group separates the following non-insurance components from such contracts, including:

(a) embedded derivatives that should be separated in accordance with IFRS 9;

(b) distinct investment components, except for those that can meet the definition of investment contract with discretionary participation features; and

(c) promises to transfer distinct goods or services other than insurance contract services.

Investment component is the amount that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. An investment component is distinct if, and only if, both the following conditions are met:

(a) the investment component and the insurance component are not highly interrelated. An investment component and an insurance component are highly interrelated if, and only if:

 (i) the entity is unable to measure one component without considering the other. Thus, if the value of one component varies according to the value of the other, the two components are highly interrelated; or

 (ii) the policyholder is unable to benefit from one component unless the other is also present. Thus, if the lapse or maturity of one component in a contract causes the lapse or maturity of the other, the two components are highly interrelated;

(b) a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties.

Insurance contract services are the services that the Group provides to a policyholder of an insurance contract, including: coverage for an insured event (insurance coverage); for insurance contracts without direct participation features, the generation of an investment return for the policyholder (investment-return service); and for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder (investment-related service). The Group separates from an insurance contract a promise to transfer distinct goods or services other than insurance contract services to a policyholder. For the purpose of separation, the Group does not consider activities that the Group must undertake to fulfil a contract unless the Group transfers a good or service other than insurance contract services to the policyholder as those activities occur. A good or service other than an insurance contract service promised to a policyholder is distinct if the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder. A good or service other than an insurance contract service that is promised to the policyholder is not distinct if: the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components in the contract; and the Group provides a significant service in integrating the good or service with the insurance components.

After the separation of any cash flows related to embedded derivatives and distinct investment component, the Group attributes the remaining cash flows to insurance component (including unseparated embedded derivatives, non-distinct investment component and promises to transfer goods or services other than insurance contract services which are not distinct) and promises to transfer distinct goods or services other than insurance contract services.

Level of aggregation of insurance contracts

The Group identifies portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. The Group divides portfolios of insurance contracts into groups of insurance contracts and applies the recognition and measurement requirements to the groups of insurance contracts. Insurance contracts issued more than one year apart are not included in the same group. The Group determines the group to which contracts belong by considering individual contracts. If the Group has reasonable and supportable information to conclude that a set of contracts will all be in the same group, the Group may measure the set of contracts to determine the group.

The Group divides a portfolio of insurance contracts issued into a minimum of:

(a) a group of contracts that are onerous at initial recognition, if any;

(b) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and

(c) a group of the remaining contracts in the portfolio, if any.

Recognition

The Group recognises a group of insurance contracts it issues from the earliest of the following:

(a) the beginning of the coverage period of the group of contracts;

(b) the date when the first payment from a policyholder in the group becomes due, or when the first payment is received if there is no due date; and

(c) for a group of onerous contracts, when the group becomes onerous.

For individual contract that meet one of the criteria set out above, the Group determines the group to which it belongs at initial recognition and does not reassess the composition of the groups subsequently. Coverage period is the period during which the Group provides insurance contract services.

The Group recognises an asset for insurance acquisition cash flows paid or payable before the related group of insurance contracts is recognised. The Group allocates insurance acquisition cash flows to groups of insurance contracts using a systematic and rational method. Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group derecognises an asset for insurance acquisition cash flows when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts. At the end of each reporting period, the Group assesses the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired. If the Group identifies an impairment loss, the Group adjusts the carrying amount of the asset and recognises the impairment loss in profit or loss. The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Measurement

General model

Measurement on initial recognition

On initial recognition, the Group shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The contractual service margin represents the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group. The fulfilment cash flows comprise:

(a) estimates of future cash flows;

(b) an adjustment to reflect the time value of money and the financial risks related to the future cash flows; and

(c) a risk adjustment for non-financial risk.

Risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. The fulfilment cash flows do not reflect the non-performance risk of the Group.

The Group may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts. The estimates of future cash flows shall:

(a) be unbiased probability-weighted mean;

(b) be consistent with observable market prices for market variables;

(c) be current – the estimates shall reflect conditions existing at the measurement date, including assumptions at that date about the future; and

(d) be explicit – the entity shall estimate the cash flows separately from the adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates.

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

(a) the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

(b) the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The Group uses appropriate discount rate to adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. The discount rates applied to the estimates of the future cash flows shall:

(a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts; and

(b) be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, and exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The Group adjusts the estimate of the present value of the future cash flows to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The Group calculates the total amount of below items on initial recognition of a group of insurance contracts:

(a) the fulfilment cash flows;

(b) the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts;

(c) any cash flows arising from the contracts in the group at that date.

If the total amount represents net cash inflows, the Group recognises it as contract service margin. If the total amount represents net cash outflows, the Group recognises a loss in profit or loss.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future service allocated to the group at that date and the contractual service margin of the group at that date. The liability for incurred claims comprises the fulfilment cash flows related to past service allocated to the group at that date.

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

(a) the effect of any new contracts added to the group;

(b) interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at the discount rates determined at the date of initial recognition of a group of contracts, applied to nominal cash flows that do not vary based on the returns on any underlying items;

(c) the changes in fulfilment cash flows relating to future service, except that such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or except that such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;

(d) the effect of any currency exchange differences on the contractual service margin; and

(e) the amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The Group recognises the reduction in the liability for remaining coverage because of services provided in the period as insurance revenue. The Group recognises the increase in the liability for incurred claims because of claims and expenses incurred in the period and any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses as insurance service expenses. Insurance revenue and insurance service expenses presented in profit or loss have excluded any investment components.

The Group determines insurance service expenses related to insurance acquisition cash flows in a systematic way on the basis of the passage of time. The Group recognises the same amount as insurance revenue to reflect the portion of the premiums that relate to recovering those cash flows.

The Group recognises the change in the liability for remaining coverage and the liability for incurred claims because of the effect of the time value of money and the effect of financial risk as insurance finance income or expenses.

The Group makes accounting policy choices to portfolios of insurance contracts between:

(a) including insurance finance income or expenses for the period in profit or loss; and

(b) disaggregating insurance finance income or expenses for the period to include in profit or loss an amount determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The difference between the insurance finance income or expenses and the total insurance finance income or expenses for the period is included in other comprehensive income.

When applying IAS 21 *The Effects of Changes in Foreign Exchange Rates* to a group of insurance contracts that generate cash flows in a foreign currency, the Group treats the group of contracts, including the contractual service margin, as a monetary item. The Group includes exchange differences on changes in the carrying amount of groups of insurance contracts in the statement of profit or loss, unless they relate to changes in the carrying amount of groups of insurance contracts included in other comprehensive income for insurance finance income or expenses, in which case they are included in other comprehensive income.

Measurements for insurance contract with direct participation features (Variable Fee Approach)

The Group assesses whether an insurance contract can meet the definition of insurance contracts with direct participation features by using its expectations at inception of the contract and does not perform reassessment afterwards.

Insurance contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

(a) the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

(b) a variable fee that the Group will deduct from (a) in exchange for the future service provided by the insurance contract, comprising:

    (i) the amount of the Group's share of the fair value of the underlying items; less

    (ii) fulfilment cash flows that do not vary based on the returns on underlying items.

For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

(a) the effect of any new contracts added to the group;

(b) the change in the amount of the Group's share of the fair value of the underlying items, except to the extent that:

    (i) if the Group mitigates the effect of financial risk using derivatives or reinsurance contracts held, when meets certain conditions, the Group may choose to recognise insurance finance income or expenses for the period in profit or loss to reflect some or all of the changes in the effect of the time value of money and financial risk on the amount of the Group's share of the underlying items. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;

    (ii) the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or

    (iii) the increase in the amount of the Group's share of the fair value of the underlying items is allocated to the loss component of the liability for remaining coverage;

(c) the changes in fulfilment cash flows relating to future service that do not vary based on the returns on underlying items, except to the extent that:

   (i) if the Group mitigates the effect of financial risk using derivatives, reinsurance contracts held or non-derivative financial instruments measured at fair value through profit or loss, when meets certain conditions, the Group may choose to recognise insurance finance income or expenses for the period in profit or loss to reflect some or all of the changes in the effect of the time value of money and financial risk on the fulfilment cash flows. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;

   (ii) such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or

   (iii) such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;

(d) the effect of any currency exchange differences arising on the contractual service margin; and

(e) the amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage periods.

For insurance contracts with direct participation features that the Group holds the underlying items, the Group makes the accounting policy choice of disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income, include in profit or loss an amount that exactly match the income or expenses included in profit or loss for the underlying items, resulting in the net of the separately presented items being nil.

Measurements for onerous insurance contracts

If a group of insurance contracts is onerous at the date of initial recognition, or if additional loss caused by contracts added to the group of onerous contracts, the Group recognises a loss as insurance service expenses in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for remaining coverage for the group being equal to the fulfilment cash flows.

A group of insurance contracts becomes onerous (or more onerous) on subsequent measurement if meets one of the following conditions, the Group recognises a loss as insurance service expenses in profit or loss and increases the liability for remaining coverage, including:

(a) the amount of unfavourable changes relating to future service in the fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk exceeds the carrying amount of the contractual service margin; and

(b) for a group of insurance contracts with direct participation features, the decrease in the amount of the entity's share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin.

After the Group has recognised a loss on an onerous group of insurance contracts, the Group allocates the following changes of the liability for remaining coverage on a systematic basis between the loss component of the liability for remaining coverage and the liability for remaining coverage excluding the loss component:

(a) estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage because of incurred insurance service expenses;

(b) changes in the risk adjustment for non-financial risk recognised in profit or loss because of the release from risk; and

(c) insurance finance income or expenses.

Any amounts allocated to the loss component of the liability for remaining coverage shall not be recognised as insurance revenue.

After the Group has recognised a loss on an onerous group of insurance contracts, the subsequent measurements are:

(a) for any subsequent increases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent decreases in the amount of the Group's share of the fair value of the underlying items, the Group recognises a loss as insurance service expenses in profit or loss and increases the liability for remaining coverage; and

(b) for any subsequent decreases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent increases in the amount of the Group's share of the fair value of the underlying items, the Group reverses the insurance service expenses in profit or loss and decreases the loss component of the liability for remaining coverage until that amount of component is reduced to zero, and the Group adjusts the contractual service margin only for the excess of the decrease over the amount allocated to the loss component.

Premium allocation approach

The Group simplifies the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group:

(a) the Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying general model, unless the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred; or

(b) the coverage period of each contract in the group is one year or less.

For contracts issued to which the Group applies the premium allocation approach, the Group assumes no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

Using the premium allocation approach, on initial recognition, the carrying amount of the liability for remaining coverage is the premiums received at initial recognition, minus any insurance acquisition cash flows at that date, and plus or minus any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts.

At the end of each subsequent reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as insurance service expenses in the reporting period, plus any adjustment to a financing component, minus the amount recognised as insurance revenue for services provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

The Group adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using the discount rates determined on initial recognition. The Group is not required to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk if, at initial recognition, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, to the extent that the fulfilment cash flows exceed the carrying amount of the liability for remaining coverage, the Group recognises a loss as insurance service expenses in profit or loss and increase the liability for remaining coverage.

The Group measures the liability for incurred claims for the group of insurance contracts at the fulfilment cash flows relating to incurred claims and other related expenses. The Group is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred. The Group would also not include in the fulfilment cash flows mentioned above any such adjustment.

When the Group applies the premium allocation approach, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Reinsurance contracts held

In addition to the requirements for insurance contracts set out above, the recognition and measurement for reinsurance contracts held are modified as follows. The requirements of measurements for onerous insurance contracts are not applicable for reinsurance contracts held.

Recognition

The Group divides portfolios of reinsurance contracts held into a minimum of:

(a) a group of contracts that there is a net gain at initial recognition, if any;

(b) a group of contracts that at initial recognition have no significant possibility of becoming to have net gain subsequently, if any; and

(c) a group of the remaining contracts in the portfolio, if any.

The Group recognises a group of reinsurance contracts held from the earlier of the following:

(a) the beginning of the coverage period of the group of reinsurance contracts held; and

(b) the date the Group recognises an onerous group of underlying insurance contracts.

If a group of reinsurance contracts held provide proportionate coverage, the Group recognises such group of reinsurance contracts held from the earlier of the following:

(a) the later date of the beginning of the coverage period of the group of reinsurance contracts held and the date that any underlying insurance contract is initially recognised; and

(b) the date the Group recognises an onerous group of underlying insurance contracts.

Measurement for reinsurance contracts held

On initial recognition, the Group measures a group of reinsurance contracts held at the total of the fulfilment cash flows and the contractual service margin. The contractual service margin represents the net cost or net gain the Group will recognise as it receives insurance contract services from the reinsurers.

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group of underlying insurance contracts. In addition, the Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

On initial recognition for a group of reinsurance contracts held, the Group calculates the sum of:

(a) the fulfilment cash flows;

(b) the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held;

(c) any cash flows arising at that date; and

(d) loss-recovery component of assets for remaining coverage of reinsurance contracts held.

The Group recognises any net cost or net gain of the above total amounts as a contractual service margin. If the net cost relates to events that occurred before the purchase of the group of reinsurance contracts held, the Group recognises such a cost immediately in profit or loss as an expense.

If the reinsurance contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognised, when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, the Group recognises a loss-recovery component of the asset for remaining coverage for such groups of reinsurance contracts held by multiplying:

(a) the loss recognised on the underlying insurance contracts; and

(b) the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group adjusts the same amount calculated above to contractual service margin and recognises as an amount recovered from reinsurers in profit or loss.

The Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component should not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The Group measures the contractual service margin at the end of the reporting period for a group of reinsurance contracts held as the carrying amount determined at the start of the reporting period, adjusted for:

(a) the effect of any new contracts added to the group;

(b) interest accreted on the carrying amount of the contractual service margin, measured at the discount rates determined at the date of initial recognition of a group of contracts, and applied to nominal cash flows that do not vary based on the returns on any underlying items;

(c) the loss-recovery component of the asset for remaining coverage for such groups of reinsurance contracts held, and reversals of a loss-recovery component recognised to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held;

(d) the changes in the fulfilment cash flows relating to future service, except that such change results from a change in fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust the contractual service margin for the group of underlying insurance contracts; or except that such change results from onerous contracts, if the Group measures a group of underlying insurance contracts applying the premium allocation approach;

(e) the effect of any currency exchange differences arising on the contractual service margin; and

(f) the amount recognised in profit or loss because of services received in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not relate to future service and the Group does not adjust the contractual service margin.

The Group recognises the reduction in the asset for remaining coverage because of insurance contract services received from the reinsurer in the period as allocation of reinsurance premiums paid. The Group recognises the increase in the asset for incurred claims because of claims and expenses that are expected to be reimbursed in the period and any subsequent related changes in fulfilment cash flows as amount recovered from the reinsurer. The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and amount recovered from the reinsurer presented in profit or loss has excluded any investment components.

The Group uses the premium allocation approach to simplify the measurement of a group of reinsurance contracts held, if at the inception of the group:

(a) the Group reasonably expects the resulting measurement would not differ materially from the result of not applying the premium allocation approach set out above, unless the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the asset for remaining coverage during the period before a claim is incurred; or

(b) the coverage period of each contract in the group of reinsurance contracts held is one year or less.

Investment contracts with discretionary participation features

In addition to the requirements for insurance contracts set out above, the recognition and measurement for investment contract with discretionary participation features are modified as follows:

(a) the date of initial recognition is the date the Group becomes party to the contract;

(b) the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash at a present or future date. The Group has no substantive obligation to deliver cash if the Group has the practical ability to set a price for the promise to deliver the cash that fully reflects the amount of cash promised and related risks; and

(c) the allocation of the contractual service margin is modified so that the Group recognises the contractual service margin over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

Modification and derecognition

If the terms of an insurance contract are modified, the Group derecognises the original contract and recognises the modified contract as a new contract, if, and only if, any of the conditions below are satisfied:

(a) if the modified terms had been included at contract inception:

    (i) the modified contract would have been excluded from the scope of IFRS 17;

    (ii) the Group would have separated different components from the host insurance contract, resulting in a different insurance contract to which IFRS 17 would have applied;

    (iii) the modified contract would have had a substantially different contract boundary; or

    (iv) the modified contract would have been included in a different group of contracts;

(b) the original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) the Group applied the premium allocation approach to the original contract, but the modifications mean that the contract no longer meets the eligibility criteria for that approach.

If a contract modification meets none of the conditions above, the Group treats changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

The Group derecognises an insurance contract when it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled. The Group derecognises an insurance contract from within a group of contracts by applying the following requirements:

(a) the fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group;

(b) the contractual service margin of the group is adjusted; and

(c) the number of coverage units for expected remaining insurance contract services is adjusted.

When the Group derecognises an insurance contract because it transfers the contract to a third party or derecognises an insurance contract and recognises a new contract, the Group applies the following requirements:

(a) adjusts the contractual service margin of the group from which the contract has been derecognised, for the difference between (i) and either (ii) for contracts transferred to a third party or (iii) for contracts derecognised due to modification:

    (i) the change in the carrying amount of the group of insurance contracts resulting from the derecognition of the contract.

    (ii) the premium charged by the third party.

    (iii) the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(b) measures the new contract recognised assuming that the Group received the premium described in (a)(iii) at the date of the modification.

If the Group derecognises an insurance contract because it transfers the contract to a third party or derecognises an insurance contract due to modification, the Group reclassifies to profit or loss as a reclassification adjustment any remaining amounts for the group that were previously recognised in other comprehensive income, unless for insurance contracts with direct participation features that the Group holds the underlying items.

Presentation

The Group presents separately in the statement of financial position the carrying amounts of portfolios of:

(a) insurance contracts issued that are assets;

(b) insurance contracts issued that are liabilities;

(c) reinsurance contracts held that are assets; and

(d) reinsurance contracts held that are liabilities.

The Group includes any assets for insurance acquisition cash flows recognised in the carrying amount of the related portfolios of insurance contracts issued.

The Group disaggregates the amounts recognised in profit or loss and statement of comprehensive income into:

(a) insurance revenue;

(b) insurance service expenses;

(c) allocation of reinsurance premiums paid;

(d) amounts recovered from reinsurers;

(e) insurance finance income or expenses for insurance contracts issued; and

(f) reinsurance finance income or expenses for reinsurance contracts held.

3 SEGMENT INFORMATION

The Group presents segment information based on its major operating segments.

The Group's operating segments are as follows:

(i) The life insurance segment offers a wide range of life insurance products mainly by Sunshine Life.

(ii) The property and casualty insurance segment offers a wide range of property and casualty insurance products mainly by Sunshine P&C and Sunshine Surety.

(iii) Other businesses segment mainly provides corporate management and assets management services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions with regard to resources allocation and performance assessment. Segment performance is assessed based on indicators such as net profit.

Transfer prices between operating segments are based on the amount stated in the contracts signed by both sides.

The segment analysis as at 31 December 2024 and for the year then ended is as follows:

		Property and casualty insurance				
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal	Other businesses and elimination	Total
Insurance revenue	**15,742**	**48,243**	**19**	**48,262**	**–**	**64,004**
Interest income	**8,690**	**732**	**24**	**756**	**96**	**9,542**
Investment income	**11,131**	**942**	**7**	**949**	**1,054**	**13,134**
Share of profits and losses of associates and joint ventures	**742**	**129**	**–**	**129**	**(377)**	**494**
Other income	**376**	**160**	**3**	**163**	**2,557**	**3,096**
Total revenues	**36,681**	**50,206**	**53**	**50,259**	**3,330**	**90,270**
Insurance service expenses	**(10,939)**	**(47,334)**	**(221)**	**(47,555)**	**–**	**(58,494)**
Allocation of reinsurance premiums paid	**(727)**	**(1,179)**	**(1)**	**(1,180)**	**–**	**(1,907)**
Less: Amount recovered from reinsurers	**765**	**1,014**	**1**	**1,015**	**–**	**1,780**
Net insurance finance expenses for insurance contracts issued	**(10,588)**	**(736)**	**(2)**	**(738)**	**(535)**	**(11,861)**
Less: Net reinsurance finance income for reinsurance contracts held	**66**	**85**	**–**	**85**	**–**	**151**
Expected credit losses	**(1,898)**	**(349)**	**–**	**(349)**	**(130)**	**(2,377)**
Finance costs	**(1,028)**	**(280)**	**(1)**	**(281)**	**(26)**	**(1,335)**
Other operating and administrative expenses	**(4,077)**	**(1,004)**	**(3)**	**(1,007)**	**(3,038)**	**(8,122)**
Total expenses	**(28,426)**	**(49,783)**	**(227)**	**(50,010)**	**(3,729)**	**(82,165)**
Profit/(loss) before tax	**8,255**	**423**	**(174)**	**249**	**(399)**	**8,105**
Income tax	**(2,542)**	**191**	**7**	**198**	**(221)**	**(2,565)**
Net profit	**5,713**	**614**	**(167)**	**447**	**(620)**	**5,540**

		Property and casualty insurance			Other businesses and elimination	
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal		Total
Segment assets	**510,893**	**56,282**	**1,455**	**57,737**	**13,160**	**581,790**
Segment liabilities	**471,821**	**42,163**	**98**	**42,261**	**4,295**	**518,377**

Other segment information for the year ended 31 December 2024:

		Property and casualty insurance			Other businesses and elimination	
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal		Total
Depreciation and amortisation	**437**	**363**	**3**	**366**	**839**	**1,642**
Capital expenditure	**259**	**64**	**3**	**67**	**554**	**880**

The segment analysis as at 31 December 2023 and for the year then ended is as follows:

		Property and casualty insurance				
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal	Other businesses and elimination	Total
Insurance revenue	14,394	45,487	19	45,506	–	59,900
Interest income	8,888	745	25	770	236	9,894
Investment income	4,939	346	1	347	62	5,348
Share of profits and losses of associates and joint ventures	(52)	181	–	181	(345)	(216)
Other income	374	203	6	209	2,715	3,298
Total revenues	28,543	46,962	51	47,013	2,668	78,224
Insurance service expenses	(12,075)	(44,733)	(84)	(44,817)	–	(56,892)
Allocation of reinsurance premiums paid	(905)	(1,269)	–	(1,269)	–	(2,174)
Less: Amount recovered from reinsurers	934	1,669	1	1,670	–	2,604
Net insurance finance expenses for insurance contracts issued	(8,466)	(650)	(2)	(652)	218	(8,900)
Less: Net reinsurance finance income for reinsurance contracts held	39	79	(1)	78	–	117
Expected credit losses	(118)	(270)	–	(270)	24	(364)
Finance costs	(813)	(285)	–	(285)	(29)	(1,127)
Other operating and administrative expenses	(2,221)	(486)	(8)	(494)	(2,999)	(5,714)
Total expenses	(23,625)	(45,945)	(94)	(46,039)	(2,786)	(72,450)
Profit/(loss) before tax	4,918	1,017	(43)	974	(118)	5,774
Income tax	(1,712)	(39)	1	(38)	(158)	(1,908)
Net profit	3,206	978	(42)	936	(276)	3,866

		Property and casualty insurance			Other businesses	
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal	and elimination	Total
Segment assets	445,522	51,774	1,560	53,334	14,830	513,686
Segment liabilities	411,582	38,637	47	38,684	1,631	451,897

Other segment information for the year ended 31 December 2023:

		Property and casualty insurance			Other businesses	
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal	and elimination	Total
Depreciation and amortisation	447	404	3	407	795	1,649
Capital expenditure	259	185	–	185	1,646	2,090

4 INSURANCE REVENUE

	2024	2023
Insurance contracts not measured under the premium allocation approach		
Insurance revenue relating to the changes in the liability for remaining coverage		
Amortisation of contractual service margin	**4,056**	3,624
Change in the risk adjustment for non-financial risk	**616**	764
Expected insurance service expenses incurred in the year	**5,899**	6,008
Amortisation of insurance acquisition cash flows	**8,043**	8,249
Subtotal	**18,614**	18,645
Insurance contracts measured under the premium allocation approach	**45,390**	41,255
Total	**64,004**	59,900
Of which:		
Contracts under the modified retrospective approach	**9,405**	9,790
Other contracts	**54,599**	50,110

5 INVESTMENT INCOME

	2024	2023
Interest and dividend income (a)	**8,687**	7,420
Realised gains/(losses) (b)	**2,017**	(869)
Unrealised gains/(losses) (c)	**2,111**	(1,553)
Operating lease income from investment properties	**319**	350
Total	**13,134**	5,348

(a) Interest and dividend income

	2024	2023
Bonds	**1,181**	639
Debt investment schemes	**536**	593
Funds	**2,290**	2,910
Equity securities	**3,776**	2,594
Equity investment schemes	**169**	169
Others	**735**	515
Total	**8,687**	7,420

(b) Realised gains/(losses)

	2024	2023
Bonds	**5,956**	3,633
Funds	**(2,863)**	(2,236)
Equity securities	**(1,002)**	(2,066)
Others	**(74)**	(200)
Total	**2,017**	(869)

(c) Unrealised gains/(losses)

	2024	2023
Bonds	**1,211**	136
Funds	**1,423**	(945)
Equity securities	**2,543**	(1,874)
Others	**(2,749)**	732
Financial assets at fair value through profit or loss	**2,428**	(1,951)
Financial liabilities at fair value through profit or loss	**(317)**	398
Total	**2,111**	(1,553)

6 INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same tax authority.

(a) Income tax:

	2024	2023
Current income tax	**135**	221
Deferred income tax	**2,430**	1,687
Total	**2,565**	1,908

(b) The reconciliation between the Group's effective tax rate and the statutory tax rate of 25% in the PRC is as follows:

	2024	2023
Profit before income tax	**8,105**	5,774
Tax computed at the statutory tax rate	**2,026**	1,444
Non-taxable income	**(2,491)**	(1,978)
Expenses not deductible for tax purposes	**56**	56
Adjustments in respect of current tax of previous periods	**(36)**	1
Others	**3,010**	2,385
Income tax at the effective tax rate	**2,565**	1,908

The amendments to IAS 12 introduce a temporary mandatory exemption from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development. The Pillar Two legislation has been enacted or substantively enacted in certain jurisdiction in which the Group operates effective for the financial year beginning 1 January 2024. The Group has adopted the amendments to IAS 12 and the temporary mandatory exemptions.

The Group has performed an assessment of the potential risk of Pillar Two income taxes. The assessment of potential exposure to Pillar Two income tax is based on the most recent financial and tax data available for each of the Group's entities. Based on the assessment, for jurisdictions in which the Pillar Two legislation have been enacted or substantially enacted, the Group does not expect a material exposure to Pillar Two income taxes in these jurisdictions.

7 EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

	2024	2023
Consolidated net profit attributable to equity owners of the parent *(in RMB million)*	**5,449**	3,738
Weighted average number of ordinary shares in issue *(in million shares)*	**11,502**	11,502
Basic earnings per share	**RMB0.47**	RMB0.32
Diluted earnings per share	**RMB0.47**	RMB0.32

8 DIVIDENDS

	2024	2023
Dividends recognised as distributions during the year:		
2023 final dividend – RMB0.18 per ordinary share	**2,070**	–
2022 final dividend – RMB0.18 per ordinary share	**–**	2,070

9 BONDS PAYABLE

The information of the Group's major bonds payable is as follows:

Issuer	Issue date	Maturity	Early redemption option	Interest rate	**31 December 2024**	31 December 2023
Sunshine P&C	2021/12/7	10 years	End of the fifth year	4.5%-5.5%	**4,999**	4,998
Sunshine Life	2016/4/20	10 years	None	4.5%	**2,163**	2,127
Sunshine Life	2021/3/30	10 years	End of the fifth year	4.4%-5.4%	**5,088**	5,063
Sunshine Life	2023/12/12	10 years	End of the fifth year	3.88%-4.88%	**7,032**	7,002
Subtotal					**19,282**	19,190
Add: Accrued interest					**225**	224
Total					**19,507**	19,414

10 SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2024	31 December 2023
Bonds	**22,939**	29,662

As at 31 December 2024, bonds with par value of RMB28,860 million (31 December 2023: RMB34,172 million) was pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Group. The collateral is restricted from trading during the period of the repurchase transaction.

11 SUBSEQUENT EVENTS

Profit distribution

On 26 March 2025, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2024 and declared a final cash dividend of 2024 with a total distribution of RMB2,185 million in the amount of RMB0.19 (tax inclusive) per share. The profit distribution plan is subject to the approval by the Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

In 2024, guided by the new "Ten National Guidelines", the Company adhered to the value-driven development philosophy of "seeking progress amidst quality" and comprehensively advanced the "New Sunshine Strategy", and saw steady growth in core business and continuous enhancement of core capabilities. The Company strengthened the linkage between assets and liabilities, and further upgraded customer insights and refined operations. With its research and application of digital intelligence technology leading the industry, the Company effectively served national strategies and fulfilled social responsibilities, presenting an overall trend of high-quality development.

Focusing on "Valuable Sunshine", the Company continuously improved its value creation capabilities. Sunshine Life persisted in transforming channels into platforms, with multiple platforms advancing in synergy, solidly and orderly promoting the "One Body, Two Wings" development strategy. The foundation of the team was continually strengthened, and the breakthrough in value creation was once more achieved. To proactively address the declining interest rates, we strengthened asset-liability management, and optimized product structures, thereby significantly reducing the liability costs, achieving a more balanced profit structure, and continuously enhancing our core capabilities. Sunshine P&C leveraged the "Automobile Insurance Intelligent Mortality Table (車險智能生命表)", the "Non-automobile Data Mortality Table (非車數據生命表)", and the "Credit Insurance Mortality Table (信用保險生命表)" as fundamental tools to comprehensively build a core competitiveness that integrates risk pricing, resource allocation, cost management, and customer operations.

Focusing on "Caring Sunshine", the Company actively promoted the implementation of customer-centric strategy. Sunshine Life solidly advanced the "Matrix Plan (縱橫計劃)". While the "three/five/seven (三/五/七)" product system gaining popularity and gradually showcasing brand effects, the company drove the team to form "three/five/seven (三/五/七)" sales habits. The service system, encompassing principles of "love, attentiveness and thoughtfulness (三心)" and standards of "value, characteristics, practicality and usability (四性)", was further optimized and upgraded, achieving full-process control over service quality. Sunshine P&C accelerated the advancement of the "Partnership Action (夥伴行動)," achieving notable results in industries such as hotels and warehousing.

Focusing on "Technological Sunshine", the Company was committed to building industry-leading technological capabilities, promoting the deep integration of "insurance + technology" and driving the transformation and upgrading of the main business through technological innovation. The Company has been deeply deploying "Artificial Intelligence +" to propel an all-around intelligent upgrade in sales, service, and management. By leveraging the concept of "technology + data", the Company deepened digital transformation, enhancing both customer service and management efficiency. Through innovative mechanisms, the Company incentivized the productization and marketization of technological achievements, resulting an increasing industry-wide influence.

(I) Results of operations

In 2024, the Company maintained a favorable growth momentum, with steady business growth and continuously strengthening value creation capabilities. The gross written premiums ("GWPs") of the Group were RMB128.38 billion, representing a year-on-year increase of 8.0%, and the insurance revenue reached RMB64 billion, representing a year-on-year increase of 6.9%. The net profit attributable to equity owners of the parent was RMB5.45 billion, representing a year-on-year increase of 45.8%. The embedded value of the Group was RMB115.76 billion, up 11.2% from the end of the previous year. The total investment yield was 4.3%, and the comprehensive investment yield was 6.5%. As at the end of 2024, the Group had approximately 30.19 million active customers[1].

The life insurance business grew steadily with continuously enhanced value creation and optimized business structure.

- The life insurance GWPs were RMB80.45 billion, representing a year-on-year increase of 7.8%;

- The value of new business was RMB5.15 billion, representing a year-on-year increase of 43.3%; with the optimized business structure, the first-year regular premiums ("FYRPs") were RMB20.37 billion, representing a year-on-year increase of 12.6%, and single premiums were RMB7.82 billion, representing a year-on-year decrease of 37.2%; with intensifying efforts to promote participating insurance, resulting in a significant increase in the proportion of participating insurance in the first-year regular premiums;

- The Company adhered to the transformation of channels into platforms, showcasing the distinctive advantage of multiple platforms advancing in synergy, thereby further invigorating the development vitality. The individual insurance sector's development strategy of "One Body, Two Wings (一身兩翼)" achieved remarkable results, with the differentiated operation management model continuing to deepen and upgrade. The bancassurance sector adhered to the value oriented development and maintained its competitive edge in the market. The insurance agency and brokerage sector seized market opportunities, continuously enhancing the development capabilities.

Note 1: The active customers refer to the applicants and insureds who hold at least one valid insurance policy at the point of time of the statistics, excluding free policies. In the event that the applicants and insureds are the same person, they shall be deemed as one customer. The number of customers of subsidiaries does not add up to the total number of customers of the Group because of the de-duplication process for customers who purchase multiple products.

The property and casualty insurance business[1] grew rapidly with continuous structural optimization.

- The original premium income (OPI) was RMB47.82 billion, representing a year-on-year increase of 8.1%. The business scale continued to grow rapidly;

- The proportion of non-automobile insurance premiums was 44.2%, representing a year-on-year increase of 3.3 percentage points; the proportion of household auto premiums to the automobile insurance was 64.6%, representing a year-on-year increase of 2.0 percentage points. The business structure has been continuously optimized;

- The underwriting combined ratio[2] was 99.7%, and the underwriting profit was RMB123 million.

We adhered to the long-term investment strategy and deepened integrated asset-liability management.

- We continued to deepen the integrated management of assets and liabilities, maintained strategic focus, consolidated foundational holdings, and pursued long-term stable investment returns that can withstand cyclical fluctuations. The Group achieved total investment income of RMB19.85 billion, with total investment yield of 4.3% and comprehensive investment yield of 6.5%;

- Focusing on the main business and centering on customers, we adhered to a path of professional, market-oriented and diversified development. Balancing scale and quality, we effectively met customer needs through product innovation, strategic innovation, and service innovation, driving the steady operation of third-party business.

Note 1: Property and casualty insurance business refers to the business of Sunshine P&C.

Note 2: Underwriting combined ratio under the New Accounting Standards for Insurance Contracts = (insurance service expenses + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in premium reserves)/insurance revenue.

We deepened the application of digital and intelligent innovations to empower the transformation and development of the main businesses.

- Deepening the focus on "AI+", we built the Sunshine large model base and intelligent systems that "understand insurance better", deploying across multiple business scenarios to drive innovative breakthroughs in sales, service, and management intelligence. AI customer service provided clients with services such as auto insurance claims reporting, information inquiries, and renewal follow-ups, serving 14.57 million customers annually, with the intelligent service rate increasing by 25.8 percentage points year-on-year. AI agents, which are available 24 hours a day, 7 days a week, offered consultation, information collection, and quotation services for auto insurance. The AI tool for injury assessment through image recognition, enabling automated diagnosis and loss assessment for minor injury cases, achieved a utilization rate of 82.4%, and processed over 110 thousand minor injury cases cumulatively.

- Leveraging "technology + data," we deepened digital transformation. We persistently built an online minimalist service ecosystem, eliminated process discontinuities, and created a seamless, one-stop service chain, to deliver a time-saving and hassle-free experience for clients. We developed client profiles, a tagging system, and an insights management platform to precisely reach clients and deliver vast amount of contents directly. Utilizing AI technology to extract and replicate best practices from top-performing agents, we improved efficiency by eightfold, through effectively integrating and rapidly disseminating these practices to better empower our frontline sales teams. By integrating internal and external data, we improved our intelligent risk control models, and therefore enhanced risk management capabilities in claims and sales behaviors.

- To enhance our industry influence, we fostered internal and external collaborative innovation, by hosting an insurance technology and digital intelligence conference, establishing a consortium for insurance technology innovation, and facilitating the implementation of multiple collaborative projects. We also actively promoted the deep integration of academia and industry, and undertook key research projects commissioned by the Beijing Municipal Science and Technology Commission.

We served national strategies, fulfilled social responsibility, and practiced sustainable development.

- We served national strategies and supported the real economy. In 2024, the Company continuously improved the quality and efficiency of its service to the real economy, provided a total of RMB71 trillion of risk coverage for the real economy, and offered more than RMB463.1 billion of financial support. In serving micro and small enterprises, we continued to offer differentiated and customized product services, and provided risk coverage of nearly RMB412.8 billion for approximately 39,000 micro and small enterprises. In serving "rural revitalization", we increased comprehensive insurance support for various areas such as rural industrial development, cultural prosperity, ecological conservation and urban-rural integration, provided agriculture risk coverage of RMB53.5 billion and paid claims of RMB670 million for agricultural insurance. In serving the opening-up policy, we provided risk coverage of approximately RMB113.5 billion for over 600 "Belt and Road Initiative" projects. In fostering new quality productive forces, we vigorously supported technological innovation and advanced manufacturing industry, and provided risk coverage of approximately RMB41.3 billion for sci-tech enterprises.

- We promoted green transformation and co-created a harmonious future. Focusing on the three major areas of green ecology, green industry and green living, we continued to expand the breadth and depth of green insurance products and services, provided nearly RMB16 trillion of green insurance coverage and offered claims support of approximately RMB5.2 billion in 2024. We continuously refined our sustainable investment framework and policies, exploring the construction of diversified investment products and services. As of the end of 2024, the balance of sustainable investments exceeds RMB58 billion, with green investments surpassing RMB20 billion. We also actively addressed climate change, conducted comprehensive climate opportunity and risk analyses, and incorporated climate factors into our risk management processes. We strengthened our carbon data quantification management capabilities, promoted workplace energy-saving renovations and the construction of green buildings and green data centers, and built a green and low-carbon operational system.

- We fulfilled social responsibility and were committed to public welfare. The Company leverages its core insurance business and resources to extensively mobilize and actively organize various public welfare activities aimed at aiding education, assisting the elderly, and alleviating poverty. Throughout the year, we mobilized 9,244 volunteers, dedicating a total of 30,808 hours for voluntary service. As of the end of 2024, Sunshine Insurance built 76 "Universal Love (博愛)" schools in 25 provinces across the country and trained a total of 22,434 rural doctors through the "Plan to Promote Competence of 10,000 Rural Doctors (萬名村醫能力提升計劃)". We sincerely cared for our employees and their families, with an accumulated amount of RMB590 million parent-supporting subsidies granted to a total of 47,564 employees.

(II) Key financial indicators

Unit: RMB in millions, except for percentages

	December 31, 2024/January-December 2024	December 31, 2023/January-December 2023	Increase/decrease
Total assets	**581,790**	513,686	13.3%
Total liabilities	**518,377**	451,897	14.7%
Total equity	**63,413**	61,789	2.6%
Equity attributable to owners of the parent	**62,082**	60,446	2.7%
Total revenues	**90,270**	78,224	15.4%
Net profit	**5,540**	3,866	43.3%
Net profit attributable to equity owners of the parent	**5,449**	3,738	45.8%
Earnings per share (RMB/share)(1)	**0.47**	0.32	45.8%
Weighted average return on equity(2)	**8.9%**	6.0%	2.9pt

Note 1: Based on the data attributable to equity owners of the Company. The percentage of increase or decrease in earnings per share is calculated based on the data before rounding.

Note 2: Weighted average return on equity equals net profit attributable to equity owners of the parent divided by the weighted average net assets attributable to equity owners of the parent.

(III) Other financial and business data

Unit: RMB in millions, except for percentages

	December 31, 2024/January-December 2024	December 31, 2023/January-December 2023	Increase/decrease
The Group			
Insurance revenue	**64,004**	59,900	6.9%
Insurance service expenses	**58,494**	56,892	2.8%
Investment assets	**548,579**	479,752	14.3%
Net investment yield[1] [4]	**4.2%**	4.2%	–
Total investment yield[2] [4]	**4.3%**	3.4%	0.9pt
Comprehensive investment yield[3] [4]	**6.5%**	3.3%	3.2pt
Life insurance			
Insurance revenue	**15,742**	14,394	9.4%
Insurance service expenses	**10,939**	12,075	(9.4%)
Contractual service margin	**50,854**	45,177	12.6%
Property and casualty insurance			
Insurance revenue	**48,243**	45,487	6.1%
Insurance service expenses	**47,334**	44,733	5.8%
Underwriting combined ratio[5]	**99.7%**	98.7%	1.0pt

Note 1: Net investment income consists of interest revenue from fixed-income financial assets, dividend income from equity financial assets, operating lease income from investment properties, share of profits and losses of associates and joint ventures, interest revenue from securities purchased under agreements to resell and interest revenue from demand deposits.

Note 2: Total investment income refers to the sum of net investment income, realised gains and gains or losses from fair value changes, less impairment loss on investment assets.

Note 3: Comprehensive investment income refers to the sum of total investment income, changes in the fair value of financial assets at fair value through other comprehensive income, and share of other comprehensive income of associates and joint ventures. It excludes the RMB21,395 million changes in the fair value of debt instruments at fair value through other comprehensive income for Sunshine Life in 2024. The historical data for 2023 have been adjusted accordingly.

Note 4: The calculation of net, total, and comprehensive investment yield follows the Modified Dietz method, excluding fair value changes in debt instruments classified under FVOCI for Sunshine Life, and deducting securities sold under repurchase agreements from the denominator. The historical data for 2023 have been adjusted accordingly.

Note 5: Underwriting combined ratio = (insurance service expenses + (allocation of reinsurance premiums paid – amount recovered from reinsurers) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in premium reserves)/insurance revenue.

Unit: RMB in millions, except for percentages

	December 31, 2024/January-December 2024	December 31, 2023/January-December 2023	Increase/decrease
Embedded value of the Group[(1)]	**115,758**	104,060	11.2%
Sunshine Life's value of one year's new business[(1)]	**5,153**	3,596	43.3%
Comprehensive solvency ratio (%)[(2)]			
–The Group	**227**	221	6pt
–Sunshine Life	**206**	183	23pt
–Sunshine P&C	**233**	245	(12pt)

Note 1: The value data as of December 31, 2024 is derived from an assumed 4.0% investment return and 8.5% risk discount rate, whereas the December 31, 2023 figures apply 4.5% and 9.5% respectively.

Note 2: The minimum regulatory requirement for comprehensive solvency ratio is 100%.

(IV) Main items on consolidated statements with change of over 30% and reasons

Unit: RMB in millions, except for percentages

Balance sheet items	**December 31, 2024**	December 31, 2023	Change	Major reasons
Securities purchased under agreements to resell	**5,300**	13,129	(59.6%)	The needs for liquidity management
Equity financial assets at fair value through other comprehensive income	**48,034**	31,831	50.9%	Impact of the increase in fair value of this category of assets and the increasing allocation in this category of assets
Cash at bank and on hand	**6,706**	13,553	(50.5%)	The needs for liquidity management
Financial liabilities at fair value through profit or loss	**2,076**	3,780	(45.1%)	Impact of the decrease in the amount payable to third-party investors of consolidated structured entities

Unit: RMB in millions, except for percentages

Income statement items	**January-December 2024**	January-December 2023	Change	Major reasons
Investment income	**13,134**	5,348	145.6%	Combined impact of the increase in capital gains, interest and dividend income
Share of profits and losses of associates and joint ventures	**494**	(216)	N/A	Mainly due to the increase in net profit of certain associates
Amount recovered from reinsurer	**1,780**	2,604	(31.6%)	Mainly due to a year-on-year decrease of claims recovered by Sunshine P&C
Expected credit losses	**(2,377)**	(364)	553.0%	Mainly due to the impairment provision of investment assets
Other operating and administrative expenses	**(8,122)**	(5,714)	42.1%	Mainly due to a year-on-year increase in administrative expenses and the impairment on other assets
Income tax	**(2,565)**	(1,908)	34.4%	Combined impact of the change in taxable profit and deferred income tax

II. ANALYSIS OF ANNUAL RESULTS

Life Insurance

(I) Business Analysis

In 2024, Sunshine Life kept pursuing value-oriented development, and implemented the strategy of "New Sunshine" in a steady and orderly manner, thereby consolidating the advantages of multi-lined development, steadily strengthening the vitality of growth, and keeping improving the quality of development. Actively responding to changes, Sunshine Life strengthened the linkage between assets and liabilities, to achieve a "dual optimization" of both product structure and liability costs, and ensured a "steady progress" in our business development. In 2024, GWPs reached RMB80.45 billion, a year-on-year increase of 7.8%; the value of one year's new business was RMB5.15 billion, a year-on-year increase of 43.3%. As of December 31, 2024, Sunshine Life had 11.73 million active customers.

1. Business Operation

In 2024, Sunshine Life's diversified business layout continued to deepen and the momentum for value-driven development strengthened significantly. The development model of "One Body, Two Wings (一身兩翼)" for individual insurance business achieved remarkable results with the differentiated operation management model unleashing the vitality of grassroots teams, fostering robust business growth and a stable expansion of the foundational workforce. The bancassurance sector consistently adhered to value-driven development, achieving optimization in both business structure and liability costs, thereby maintaining a competitive edge in the market.

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Individual insurance business	**22,873**	**18,672**	**22.5%**
First-year premiums	**6,543**	4,873	34.3%
Including: long-term insurance (more than one year)	**6,216**	4,515	37.7%
– Including: regular premium	**5,998**	4,297	39.6%
– Including: single premium	**218**	218	0.0%
Including: short-term insurance (one year or below)	**327**	358	(8.7%)
Renewal premiums	**16,330**	13,799	18.3%
Bancassurance business	**50,029**	**49,147**	**1.8%**
First-year premiums	**20,175**	25,402	(20.6%)
Including: long-term insurance (more than one year)	**20,175**	25,402	(20.6%)
– Including: regular premium	**13,224**	13,294	(0.5%)
– Including: single premium	**6,951**	12,108	(42.6%)
Including: short-term insurance (one year or below)	**–**	–	–
Renewal premiums	**29,854**	23,745	25.7%
Other business(1)	**7,552**	**6,781**	**11.4%**
GWPs	**80,454**	**74,600**	**7.8%**
First-year premiums	**30,608**	33,246	(7.9%)
Including: long-term insurance (more than one year)	**28,193**	30,552	(7.7%)
– Including: regular premium	**20,371**	18,096	12.6%
– Including: single premium	**7,822**	12,456	(37.2%)
Including: short-term insurance (one year or below)	**2,415**	2,694	(10.4%)
Renewal premiums	**49,846**	41,354	20.5%

Note 1: Other business includes the group insurance, telemarketing, online sales, and insurance agencies and insurance brokers.

(1) Individual insurance business

Guided by the requirements of high-quality development, the individual insurance sector deepened the implementation of differentiated operation management, and carried out the "Strong Foundation Project", realizing the steady improvement and structure optimization of the sales-force of "One Body (一身)". The value-oriented development model of "Two Wings (兩翼)" continued to consolidate, with a focus on deepening customer engagement and cultivating a high-performing team, thereby continuing to strengthen the development momentum. In 2024, the GWPs from the individual insurance business amounted to RMB22.87 billion, a year-on-year growth of 22.5%, of which, FYRPs amounted to RMB6.0 billion, a year-on-year growth of 39.6%.

In terms of traditional sales-force, namely "One Body (一身)", we strengthened the management and operation system and team's core competency at the grassroots level, achieving improvement in both the productivity and the efficiency of grassroots organizations. We strengthened the customer management capability with focus on the "three/five/seven (三/五/七)" product and service configuration scheme, and achieved improvement in both team productivity and revenue. We upgraded recruitment and training system, implemented a differentiated model for excellence in recruitment, and resulted in a stable base and optimized structure of the workforce. In 2024, the active agents in traditional sales-force increased by 8.3% year-on-year, and productivity per active agent(1) amounted to RMB25 thousand, a year-on-year increase of 21.9%. The number of new agents increased by 26.9% year-on-year, and productivity per active new agent amounted to RMB18 thousand, a year-on-year increase of 21.4%.

In terms of elite team, focusing on central cities and provincial capitals, Sunshine Life enforced stringent quality requirements for new recruits, accelerating the development of a high-performing team. This enhanced professional capabilities and strengthened the management of mid-to-high-end clientele, leading to a significant growth in team size and steady rise in team productivity. As of the end of 2024, Sunshine Life had an elite team of 2,551 agents, representing a year-on-year increase of 19.0%, and productivity per active agent amounted to RMB64 thousand, equivalent to a year-on-year increase of 29.8%, which is 2.5 times that of the whole individual insurance team.

Note 1: The productivity per active agent refers to the ratio of average monthly first-year standard premiums to average monthly active agents. First-year standard premiums=FYRPs with a coverage term of more than one year × a conversion coefficient + single premiums with a coverage term of more than one year × 0.1 + premiums of short-term insurance with a coverage term of one year or below × 1.0. The conversion coefficient for regular premiums with a payment term of more than one year and less than ten years can be calculated using years of payment divided by 10, and the conversion coefficient for regular premiums with a payment term of more than ten years is 1.0.

In terms of worksite marketing, we targeted the high-quality customer base in key industries as a breakthrough point and initially established the value-oriented development model with Sunshine characteristics in key regional markets, thereby accelerating the pace of value-driven development. In 2024, FYRPs increased by 72.1% year-on-year.

For the year ended December 31	**2024**	2023	YOY
Average number of agents per month[1]	**51,921**	53,432	(2.8%)
Average ratio of active agents per month[2]	**19.4%**	17.4%	2.0pt
Productivity per capita (RMB)	**25,183**	20,653	21.9%

Note 1: Average number of agents per month refers to the sum of the averages of the number of agents at the beginning and at the end of each month in the period divided by 12.

Note 2: Average ratio of active agents per month refers to the ratio of the average number of active agents per month to the average number of agents per month. The average number of active agents per month refers to the sum of the number of active agents for each month in the period divided by 12; active agent refers to the agent who has standard premiums no less than RMB1,000 in that month.

(2) Bancassurance business

The bancassurance sector committed to value-driven development, astutely capturing market trends and actively promoting business structure transformation, cost reduction and efficiency enhancement. We consolidated a layout of diversified channels and continuously reinforced the professional edge of the team, thereby establishing a reputation for professional service within the industry. In 2024, the bancassurance business achieved both quantitative stability and qualitative enhancement, with a significant strengthening in value contribution capabilities. The GWPs from the bancassurance business amounted to RMB50.03 billion, a year-on-year growth of 1.8%, of which FYRPs amounted to RMB13.22 billion. The productivity per active agent[1] amounted to RMB153 thousand and the average productivity of branches and outlets[2] amounted to RMB71 thousand, both of which maintained at a high level.

Note 1: The productivity per active agent refers to the ratio of average monthly first-year regular standard premiums in the reporting period to average monthly active agents; the active agents of the bancassurance business refers to the agents whose first-year regular standard premiums in the current month are greater than RMB0.

Note 2: The average productivity of branches and outlets refers to the ratio of the average monthly first-year regular standard premiums in the reporting period to the average monthly number of active branches and outlets; the number of active branches and outlets refers to the number of branches and outlets whose average monthly first-year regular standard premiums are more than RMB0 for the month. First-year regular standard premiums=FYRPs with a term of more than one year × a conversion coefficient. The conversion coefficient for regular premiums with a term of more than one year and less than ten years can be calculated using years of payment divided by 10, and the conversion coefficient for regular premiums with a term of more than ten years is 1.0.

(3) Other business

Group insurance, telemarketing, online sales, and brokerage businesses adhered to the general keynote of "pursuing progress while ensuring stability and high-quality development", continuing to strengthen the value creation and collaborative capabilities, thereby leading to a sustained increase in business contribution. In 2024, the GWPs from other business amounted to RMB7.55 billion, a year-on-year increase of 11.4%.

2 Customer Management

In 2024, Sunshine Life firmly implemented the "Caring Sunshine" strategy, and conducted surveys on nearly 30,000 customers to fully grasp the evolution of customer demands, deepen the implementation of customer-centric strategies, and refine the customer classification management system, by leveraging the "three/five/seven (三/五/七)" product system. In 2024, the operation of mid-to-high-end customers maintained a steady advancement. The number of customers with in-force policies of first-year standard premiums of RMB150,000 and above increased by 22.7%, and the number of customers with in-force policies of first-year standard premiums of RMB50,000 and above increased by 18.2%.

Sunshine Life accurately grasped the new market development opportunities from new economic cycle and evolution trend of customer demographics, driving product innovation, and enriching and optimizing our product offering to meet the insurance needs of customers throughout their entire life cycle. We accelerated the layout of insurance products with variable returns, launching various categories of participating insurance products to meet customer needs on wealth management and retirement planning. We intensified innovation in protection-type products, delving deeper into segmented market demographics, to better meet the diverse health protection needs of different customers. Enhancing the promotion of policy-driven commercial insurance, we iteratively upgraded our personal pension series and tax-advantaged health insurance series products, in order to expand the service demographic and seize the market opportunities.

Sunshine Life committed to a customer-centric approach, adhering to the service principles of "love, attentiveness and thoughtfulness (三心)" and service standards of "value, characteristics, practicality and usability (四性)", and continuously strengthening the "Caring Sunshine" service system. We drove to enrich the service ecosystem throughout the customer's lifecycle to provide our customers with comprehensive solutions for a better life. We strengthened premium service offerings and further diversified our education product portfolio, providing more personalized and customized options for mid-to-high-tier customer segments. We enhanced specialized healthcare services, focusing on addressing customers' core pain points during medical visits and rehabilitation. We prioritized the development of elderly care services, addressing the unique needs of the silver-haired demographic, with a particular emphasis on home-based elderly care, creating a comprehensive, multi-tiered elderly care system encompassing "home-based, travel-based, and long-term residence" options. Strengthening closed-loop management and quality control of services, in 2024, we promoted the development of an online customer service platform, to improve customer feedback mechanisms, and listen to customer voices, thereby driving the enhancement of service capability and the protection of customer rights.

3. Product Management

(1) Analysis by business type

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Life insurance	**69,516**	**63,330**	**9.8%**
– Traditional	**59,097**	48,856	21.0%
– Participating	**10,231**	14,270	(28.3%)
– Universal	**188**	204	(7.8%)
Accident insurance	**497**	**571**	**(13.0%)**
Health insurance	**10,441**	**10,699**	**(2.4%)**
GWPs	**80,454**	**74,600**	**7.8%**

(2) Information of the top five products

Unit: RMB in millions, except for percentages

Ranking	**Name**	**Type**	**GWPs in 2024**	**Major sales channel**
1	Sunshine Life Insurance Zhen Xin Bei Zhi Whole Life (陽光人壽臻鑫倍致終身壽險)	Traditional life insurance	25,848	Bancassurance
2	Sunshine Life Insurance Zhen An Bei Zhi Whole Life (陽光人壽臻安倍致終身壽險)	Traditional life insurance	8,023	Bancassurance
3	Sunshine Life Insurance Sunshine Rise B Whole Life (陽光人壽陽光升B款終身壽險)	Traditional life insurance	4,750	Individual insurance
4	Sunshine Life Insurance Sunshine Rise C Whole Life (Zhen Xiang Version) (陽光人壽陽光升C款(臻享版)終身壽險)	Traditional life insurance	3,113	Individual insurance
5	Sunshine Life Insurance Zhen Xiang Bei Zhi Whole Life (陽光人壽臻享倍致終身壽險)	Traditional life insurance	3,079	Bancassurance

4. Premium Persistency Ratio

For the year ended December 31	**2024**	2023	YOY
13-month premium persistency ratio (%)[(1)]	**96.9**	93.9	3.0pt
25-month premium persistency ratio (%)[(2)]	**91.8**	86.6	5.2pt

The premium persistency ratio increased constantly due to the continuous optimization of business quality of Sunshine Life. The 13-month premium persistency ratio in 2024 was 96.9%, a year-on-year increase of 3.0 percentage points, while the 25-month premium persistency ratio was 91.8%, a year-on-year increase of 5.2 percentage points.

5. Premiums in the Top Ten Regions

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Guangdong	**6,146**	4,727	30.0%
Zhejiang	**4,652**	4,214	10.4%
Beijing	**4,647**	4,106	13.2%
Shenzhen	**4,615**	3,732	23.7%
Chongqing	**4,334**	3,916	10.7%
Shandong	**4,227**	3,712	13.9%
Hubei	**3,841**	3,934	(2.4%)
Hebei	**2,862**	2,634	8.7%
Henan	**2,801**	2,617	7.0%
Fujian	**2,763**	2,918	(5.3%)
Subtotal	**40,888**	**36,510**	**12.0%**
Subtotals of other regions	**39,566**	**38,090**	**3.9%**
GWPs	**80,454**	**74,600**	**7.8%**

Note 1: The 13-month premium persistency ratio: the denominator is the premiums from long-term regular insurance policies which entered into force 13 months prior to the giving year, while the nominator is the premiums from such policies which have remained in force in the giving year.

Note 2: The 25-month premium persistency ratio: the denominator is the premiums from long-term regular insurance policies which entered into force 25 months prior to the giving year, while the nominator is the premiums from such policies which have remained in force in the giving year.

6. Science and Technology Application

In 2024, in alignment with technological trends and the requirements for high-quality development, Sunshine Life continued to advance the implementation of the "Technological Sunshine" strategy. We focused on the digital transformation and intelligent technology application, empowering the sales-force, optimizing customer experience, and enhancing capability of digital risk control.

(1) Sales empowerment

The digital and intelligent technology innovation empowered the improvement of the professional competence of the sales-force. In 2024, the Company launched the "Customer Family Protection Demand Suggestion System (客戶家庭保障需求建議系統)" on the smart product "Know Your Insurance (懂你保險)", and used intelligent technology to achieve rapid evaluation of customers' risk protection status, helping the sales-force team to better grasp the insights into customer demand and product sales logic of the "three/five/seven (三/五/七)" system.

We continuously advanced the construction of the digital empowerment platform "Content Center (內容中心)", and focused on three scenarios of customer management, team building and management operation, forming a "content" production system oriented to customer demand, and effectively helping the team to improve its capacity of customer management.

(2) Customer service

We further expanded the application scenarios of data intelligence in the field of customer service. In 2024, we upgraded "LingXi System (靈犀系統)", an intelligent customer empowerment tool, and expanded the number of customer demand tags, thereby enabling more precise insights into the pain points and needs of customers during their service transactions. By increasing proactive service touchpoints, and refining online customer service navigation, we steadily raised the one-time completion rate of customer service, and further enhanced both service efficiency and customer satisfaction.

We continued to refine our online service processes, and enrich online interaction scenarios. We launched and optimized 88 business functions in the "My Home Sunshine (我家陽光)" APP, and launched online interactive games such as "Insurance Monopoly (保險大富翁)" and "AI Photo Studio (AI寫真館)" to improve customer experience and customer stickiness. As at December 31, 2024, the total number of registered users of "My Home Sunshine" APP reached approximately 5.772 million, representing an increase of 19.6% from the end of the previous year.

(3) Risk management and control

Sunshine Life has deepened the construction of the risk control digital platform of "Sky Eye System (天眼系統)". In 2024, we enhanced the granularity and coverage of our risk control system and improved the monitoring indicators and control mechanisms for diverse business scenarios. In 2024, Sunshine Life introduced 53 new indicators and optimized 127 existing ones, cumulatively constructing a total of 321 risk monitoring and identification indicators, effectively safeguarding against the risks associated with sales conduct and the violations by key personnel.

(II) Profit Source Analysis

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Insurance service results	**4,841**	**2,348**	**106.2%**
Including: Insurance revenue	**15,742**	14,394	9.4%
Insurance service expenses	**(10,939)**	(12,075)	(9.4%)
Investment results	**6,727**	**4,891**	**37.5%**
Including: Total investment income[1]	**17,249**	13,318	29.5%
Other results[2]	**(3,313)**	**(2,321)**	**42.7%**
Profit before tax	**8,255**	**4,918**	**67.9%**
Income tax	**(2,542)**	(1,712)	48.5%
Net profit	**5,713**	**3,206**	**78.2%**

Note 1: Total investment income refers to the sum of net investment income, realised gains and gains or losses from fair value changes, less impairment loss on investment assets.Net investment income consists of interest revenue from fixed-income financial assets, dividend income from equity financial assets, operating lease income from investment properties, share of profits and losses of associates and joint ventures, interest revenue from securities purchased under agreements to resell and interest revenue from demand deposits.

Note 2: Other results include other income, finance costs and other operating and administrative expenses

Insurance revenue

Insurance revenue from Sunshine Life increased by 9.4% from RMB14,394 million in 2023 to RMB15,742 million in 2024, primarily due to the expansion of business scale. In 2024, the contractual service margin (CSM) release from Sunshine Life was RMB4,055 million, and the non-financial risk adjustment release was RMB387 million.

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Insurance revenue	**15,742**	**14,394**	**9.4%**
Non-premium allocation approach	**14,036**	12,449	12.7%
Premium allocation approach	**1,706**	1,945	(12.3%)

Insurance service expenses

Insurance service expenses from Sunshine Life decreased by 9.4% from RMB12,075 million in 2023 to RMB10,939 million in 2024, primarily due to a year-on-year decrease in costs related to the participating business.

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Insurance service expenses	**10,939**	**12,075**	**(9.4%)**
Non-premium allocation approach	**9,125**	10,266	(11.1%)
Premium allocation approach	**1,814**	1,809	0.3%

Investment results

Investment results from Sunshine Life increased by 37.5% from RMB4,891 million in 2023 to RMB6,727 million in 2024. Among them, total investment income from Sunshine Life increased by 29.5% from RMB13,318 million in 2023 to RMB17,249 million in 2024, primarily due to the increase in capital gains, interest and dividend income.

Net profit

Primarily as a result of the foregoing, net profit from Sunshine Life increased by 78.2% from RMB3,206 million in 2023 to RMB5,713 million in 2024.

Property and Casualty Insurance[1]

(I) Business Analysis

In 2024, Sunshine P&C adhered to the development philosophy of "seeking progress amidst quality" and accelerated the innovative layout in key areas of the financial sectors' "five priorities (五篇大文章)". The business maintained rapid growth while achieving continuous structural optimization. The OPI was RMB47.82 billion, representing a year-on-year increase of 8.1%. Among them, the OPI of non-automobile insurance increased by 16.7% year-on-year, accounting for 44.2% of the total premium, and representing a year-on-year increase of 3.3 percentage points. The underwriting combined ratio was 99.7%, with underwriting profit[2] of RMB123 million.

Original premium income *Unit: RMB in millions, except for percentages*

For the year ended December 31	**2024**	2023	YOY
Automobile insurance	**26,707**	**26,143**	**2.2%**
Non-automobile insurance	**21,114**	**18,095**	**16.7%**
Accident and short-term health insurance	**7,170**	5,581	28.5%
Guarantee insurance	**4,019**	4,316	(6.9%)
Liability insurance	**3,873**	3,232	19.8%
Cargo insurance	**2,476**	2,352	5.3%
Others[3]	**3,576**	2,614	36.8%
Total	**47,821**	**44,238**	**8.1%**

Note 1: We provide property and casualty insurance products and services mainly through Sunshine P&C. In 2024, Sunshine P&C's OPI accounted for 99.9% of our OPI generated from property and casualty insurance business. Unless otherwise specified, this section shall only describe the business of Sunshine P&C.

Note 2: Under the New Accounting Standards for Insurance Contracts, underwriting profit = insurance revenue – insurance service expenses – allocation of reinsurance premiums paid + amount recovered from reinsurer – net insurance finance expenses for insurance contracts issued + net reinsurance finance income for reinsurance contracts held – changes in premium reserves.

Note 3: Others mainly include commercial property insurance, agricultural insurance, engineering insurance, special risk insurance, hull insurance, homeowner insurance and credit insurance.

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Underwriting profit	**123**	572	(78.5%)
Underwriting expense ratio[1]	**31.3%**	33.7%	(2.4pt)
Underwriting loss ratio[2]	**68.4%**	65.0%	3.4pt
Underwriting combined ratio	**99.7%**	98.7%	1.0pt

Note 1: Underwriting expense ratio = (amortization of acquisition expenses + maintenance expenses)/insurance revenue.

Note 2: Underwriting loss ratio = (settled loss + changes in outstanding loss reserves + gain/loss on loss contracts + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in premium reserves)/insurance revenue.

1. Business by insurance type

Unit: RMB in millions, except for percentages

For the year ended December 31, 2024	**Original premium income**	**Insured amount**	**Insurance revenue**	**Insurance service expenses**	**Underwriting profit**	**Underwriting combined ratio**
Automobile insurance	**26,707**	**26,065,361**	**26,848**	**26,138**	**244**	**99.1%**
Non-automobile insurance	**21,114**	**115,011,239**	**21,395**	**21,196**	**(121)**	**100.6%**
Accident and short-term health insurance	7,170	85,761,137	6,654	6,174	405	93.9%
Guarantee insurance	4,019	300,819	5,319	5,173	53	99.0%
Liability insurance	3,873	15,306,186	3,625	3,659	(193)	105.3%
Cargo insurance	2,476	4,748,416	2,470	2,628	(147)	105.9%
Others	3,576	8,894,681	3,327	3,562	(239)	107.2%

(1) Automobile insurance

Sunshine P&C continued to deepen the application of automobile insurance intelligent mortality table (車險智能生命表), enhancing the capabilities of target customer selection, precise pricing, and scientific cost allocation. We also built a smart claims platform for auto insurance, and advanced channel transformation and upgrading. All these led to the ongoing optimization of business structure and the further strengthening of our core management capabilities in auto insurance. In 2024, the OPI from automobile insurance was RMB26.71 billion, representing a year-on-year increase of 2.2%. The underwriting combined ratio was 99.1%, and the underwriting profit was RMB244 million. In particular, the proportion of household auto premiums increased by 2.0 percentage points year-on-year, with the four target customer groups—Zhaoyang (the core), Chenxi (the potential), Xiangyanghua (the market premium), and Jiaoyang (the comprehensive value)—achieving development that is "both high-quality and rapid", and the renewal rate of household auto insurance customers increased by 0.2 percentage point year-on-year.

In the next step, Sunshine P&C will continue to deepen the application of automobile insurance intelligent mortality table (車險智能生命表) to persistently enhance the core management capabilities for automobile insurance. By scientifically grasping the characteristics and market dynamics of new energy vehicle (NEV) insurance, we will actively explore and construct a dedicated pricing, marketing, service, and claims system for NEVs, thereby steadily consolidating the foundation for stable profitability in automobile insurance.

(2) Non-automobile insurance

Sunshine P&C actively excelled in the “five priorities (五篇大文章)” of the financial sector, continuously improved the service capabilities in fields such as major national infrastructure construction, rural revitalization and healthy China, and steadily optimized product supply and service coverage. By focusing on the construction of non-automobile data mortality table, we established a pricing logic of “underwriter pricing + machine model supporting”, deepened the “Partnership Action (夥伴行動)” comprehensive risk management service model, and steadily enhanced the operational and management capabilities of non-automobile business. In 2024, the OPI of non-automobile insurance was RMB21.11 billion, representing a year-on-year increase of 16.7%. Among them, the government policy-based business such as agricultural insurance and policy-supported health insurance increased by 94.8% year-on-year. The underwriting combined ratio was 100.6%, primarily due to extreme weather events such as typhoons, sporadic large claims in non-auto insurance, and the influence of the sustained increase in the loss ratio of certain segments of employer liability insurance in recent years.

In the next step, Sunshine P&C will focus on national strategies and policy guidance, continue to deepen the innovative layout of the “five priorities (五篇大文章)” in key areas, enhance the capabilities of non-automobile pricing and risk mitigation service, strengthen the specialized management of high-risk business sectors, and continuously strengthen the foundation for high-quality development of non-automobile business.

Accident and short-term health insurance

Sunshine P&C proactively integrated into the strategy of Healthy China (健康中國), deeply involved in the development of local inclusive healthcare system, vigorously developed policy-supported health insurance business, and rapidly expanded its coverage across regions and sectors. We continuously enhanced the innovation and development of dedicated insurance products for key protected groups, and steadily strengthened the effectiveness of coverage functions. By vertically integrating the healthcare ecosystem resources of Sunshine Insurance Group, we deepened the advancement of the professional solution of "insurance solutions + health management + technology empowerment", to further enhance the momentum for high-quality development. In 2024, the OPI of accident and short-term health insurance was RMB7.17 billion, representing a year-on-year increase of 28.5%. The underwriting combined ratio was 93.9%. The OPI of policy-supported health insurance achieved a year-on-year increase of 95.7%.

In the next step, Sunshine P&C will continue to focus on the needs of people's livelihood security services, continuously enrich the insurance supply dedicated to specific groups, continue to promote the integrated development of social insurance and commercial insurance, and better assist in the construction of a multi-level healthcare system.

Guarantee insurance

Sunshine P&C continued to adhere to its prudent development strategy, further tightening the risk exposure proactively, enhancing the capabilities of risk pricing and differentiated resource allocation, refining customer base classification and regional differentiation management, and further optimizing the business structure. In 2024, the OPI of guarantee insurance was RMB4.02 billion, representing a year-on-year decrease of 6.9%. The underwriting combined ratio was 99.0%.

In the next step, Sunshine P&C will continue to maintain a prudent development strategy, deepen the risk model system, optimize the business structure, and consolidate the foundation for stable operations of guarantee insurance.

Liability insurance

Sunshine P&C closely followed policy directions and development trends, deepened the advancement of service coverages in fields such as production safety, environmental protection and social governance, actively explored the industrial research and innovative layout in emerging fields such as low-altitude economy, new energy and equipment manufacturing. By continuously improving the accuracy of the risk pricing model of non-automobile data mortality table, implementing a "one-stop" automated quotation service, and enhancing the risk mitigation service capability, we fully leveraged the professional advantages of our insurance coverage. In 2024, the OPI of liability insurance was RMB3.87 billion, representing a year-on-year increase of 19.8%. However, affected by the rising loss ratio in certain segments of employer liability insurance, the underwriting combined ratio was 105.3%, representing a year-on-year increase of 3.2 percentage points.

In the next step, Sunshine P&C will focus on enhancing the capability of serving the real economy, advance on business development and innovation layout in key sectors, continuously refine risk pricing model, improve the risk mitigation service capabilities, enhance the management and structure optimization of high-risk business sectors, thereby promoting the high-quality development of liability insurance.

Cargo insurance

Sunshine P&C continued to increase its support for import and export trade and cargo logistics industries, and continuously strengthened the embedded connection of insurance products and services, such as return freight insurance, with the production and living scenarios of the digital economy. In 2024, the OPI of cargo insurance was RMB2.48 billion, representing a year-on-year increase of 5.3%. However, due to the impact of natural disasters such as typhoons, coupled with an increase in the frequency of highway cargo traffic accidents, the underwriting combined ratio was 105.9%, representing a year-on-year increase of 2.3 percentage points.

In the next step, Sunshine P&C will continue to deepen the collaborations with logistics enterprises, e-commerce platforms, and other related industries, to enhance risk mitigation services in the freight and logistics sector, consistently strengthen business risk selection, optimize the business structure, and promote the steady development of cargo insurance.

2. *Customer Management*

Sunshine P&C adheres to the core value of "all for customers", continues to deepen the insights into customer needs, establishes a convenient customer service system, provides warm, caring, professional and trustworthy services and products, and practices the service motto of "making our services the reason for customers to choose Sunshine".

In terms of individual customers, we upgraded the differentiated customer base management system by leveraging data analytics and intelligent technology, accurately provided products and services based on customer preferences, and innovated insurance products dedicated to key protection groups. By focusing on product innovation, we explored new models of customer engagement throughout the entire lifecycle, meeting customer needs, strengthening interaction during the policy period and enhancing customer loyalty. In 2024, the proportion of personal auto insurance customers purchasing non-auto insurance products reached 57.8%, representing a year-on-year increase of 7.8 percentage points, and the renewal rate of household auto insurance customers was 64.4%, representing a year-on-year increase of 0.2 percentage point.

In terms of group customers, we continued to deepen the implementation of the "Partnership Action (夥伴行動)" risk management service. We upgraded the "hotel risk manager (酒店管家)" model, carried out risk mitigation services such as hotel risk consultation, electrical safety inspection and safety management training, introduced the "warehouse guardian (倉庫衛士)" industry-specific risk management solution, and promoted the application of an online corporate customer service platform integrating "disaster warning, online service, and risk control". By incorporating IoT-based ultra-early warning technology and continuously expanding both the internal risk control technical team and external expert think tank, we helped our customers improve their disaster prevention, mitigation and relief capabilities, and strove to become a trusted risk management partner for our corporate clients. In 2024, we provided technology-based loss mitigation and professional risk consulting services to over 15 thousand corporate clients. Among them, the number of hotel clients increased by 54.7% year-on-year and the customer renewal rate upon policy expiration reached 97.0%.

3. Premiums in the Top Ten Regions

Unit: RMB in millions

For the year ended December 31	**2024**	2023	YOY
Shandong	**5,548**	5,091	9.0%
Henan	**4,613**	3,868	19.3%
Hubei	**4,090**	3,426	19.4%
Zhejiang	**3,468**	3,282	5.7%
Hebei	**3,303**	3,004	10.0%
Guangdong	**2,519**	2,291	10.0%
Jiangsu	**1,918**	1,825	5.1%
Anhui	**1,673**	1,590	5.2%
Sichuan	**1,476**	1,642	(10.1%)
Beijing	**1,468**	1,474	(0.4%)
Subtotal	**30,076**	**27,493**	**9.4%**
Subtotal in other regions	**17,745**	**16,745**	**6.0%**
Original premium income	**47,821**	**44,238**	**8.1%**

4. Application of Science and Technology

In 2024, Sunshine P&C adhered to the principle of "data intelligence + scenario integration", continuously restructuring underlying data, eliminating process breakpoints, integrating internal and external resources, deepening full digitalization and intelligent applications, and striving to cultivate competitive edges in insuretech sector. By leveraging data intelligence, we continuously improved customer experience and operational efficiency, driving the company's high-quality development.

(1) Sales support

For auto insurance customer engagement scenarios, building upon the traditional intelligent outbound calling, we actively explored the development of a call center system centered around large-scale models, resulting in a year-over-year increase of 15 percentage points in customer intent recognition rates. For auto insurance sales scenarios, we established an intelligent recommendation model that, based on the differentiated characteristics of customer segments, intelligently recommends auto insurance coverage plans, individual non-auto product offerings, and the most suitable service plans for customers, effectively enhancing customer value and satisfaction. For non-auto sales scenarios, we have streamlined process breakpoints to achieve a one-stop service for self-service inquiries, intelligent quoting, and self-service payments, reducing the time for a single business inquiry and quotation from 10 minutes to 1 minute.

(2) Customer service

We upgraded and re-engineered the intelligent customer service process, consolidated online service entry points, streamlined customer service procedures, and enhanced online intelligent guidance and response capabilities, further improving operational service efficiency and customer service experience. In 2024, the self-service utilization rate among customers reached 77.5%, with more than 3 million customers serviced on average per month. The intelligent processing rate for auto claims reporting increased from 22.1% to 65.1%, and that for claim inquiries increased from 9.0% to 29.9%.

(3) Management empowerment

We upgraded the automobile insurance intelligent mortality table (車險智能生命表), achieving automated modeling encapsulation and maintenance and reducing the single training time of the model from one week to two days. We developed a smart claims platform for auto insurance, enabling intelligent loss assessment for minor personal injuries and slight vehicle damage cases, as well as automated, in-depth recognition of major vehicle losses based on images, effectively reducing loss assessment deviations. Additionally, we established an evaluation model for survey and loss assessment personnel, exploring data-driven management of the claims team. We also built a digital intelligence management platform, realising intelligent attribution analysis of key indicators, effectively enhancing the decision-making capabilities of management at all levels.

(II) Profit Source Analysis

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Insurance revenue	**48,243**	45,487	6.1%
Insurance service expenses	**(47,334)**	(44,733)	5.8%
Net reinsurance expenses from reinsurance contracts held[1]	**(165)**	401	N/A
Net insurance finance expenses for insurance contracts issued and others[2]	**(621)**	(583)	6.5%
Underwriting profit[3]	**123**	**572**	**(78.5%)**
Underwriting combined ratio	**99.7%**	98.7%	1.0pt
Total investment income[4]	**1,660**	**1,073**	**54.7%**
Other income and expense, net	**(1,360)**	(628)	116.6%
Profit before tax	**423**	**1,017**	**(58.4%)**
Income tax	**191**	(39)	N/A
Net profit	**614**	**978**	**(37.2%)**

Note 1: Net reinsurance expenses for reinsurance contracts held = allocation of reinsurance premiums paid – amount recovered from reinsurers.

Note 2: Net insurance finance expenses for insurance contracts issued and others = net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held + changes in premium reserves.

Note 3: Underwriting profit = insurance revenue – insurance service expenses – net reinsurance expenses for reinsurance contracts held – net insurance finance expenses for insurance contracts issued and others.

Note 4: Total investment income refers to the sum of net investment income, realised gains and gains or losses from fair value changes, less impairment loss on investment assets. Net investment income consists of interest revenue from fixed-income financial assets, dividend income from equity financial assets, operating lease income from investment properties, share of profits and losses of associates and joint ventures, interest revenue from securities purchased under agreements to resell and interest revenue from demand deposits.

Insurance revenue

The insurance revenue of Sunshine P&C increased by 6.1% from RMB45,487 million in 2023 to RMB48,243 million in 2024, primarily due to an expansion of the premiums scale caused by the sustained growth in both automobile insurance and non-automobile insurance business.

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YoY
Insurance revenue	**48,243**	**45,487**	**6.1%**
Automobile insurance	**26,848**	25,549	5.1%
Non-automobile insurance	**21,395**	19,938	7.3%

Insurance service expenses

The insurance service expenses of Sunshine P&C increased by 5.8% from RMB44,733 million in 2023 to RMB47,334 million in 2024, primarily due to two factors: firstly, the expansion of the premiums scale leading to an increase in corresponding expense outlays; secondly, the extreme weather conditions such as heavy snowstorms, freezing rain and typhoons, as well as sporadic large claims in non-auto insurance, causing the increase of claim costs.

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	YOY
Insurance service expenses	**47,334**	**44,733**	**5.8%**
Automobile insurance	**26,138**	24,774	5.5%
Non-automobile insurance	**21,196**	19,959	6.2%

Underwriting profit

The underwriting profit of Sunshine P&C decreased by 78.5% from RMB572 million in 2023 to RMB123 million in 2024; and its underwriting combined ratio increased by 1 percentage point from 98.7% in 2023 to 99.7% in 2024, which was primarily due to the increase in loss ratio caused by the extreme weather conditions such as heavy snowstorms, freezing rain and typhoons, as well as sporadic large claims in non-auto insurance.

Total investment income

The total investment income of Sunshine P&C increased by 54.7% from RMB1,073 million in 2023 to RMB1,660 million in 2024, primarily due to the fluctuation of the investment market.

Net profit

Primarily as a result of the foregoing, the net profit of Sunshine P&C decreased by 37.2% from RMB978 million in 2023 to RMB614 million in 2024.

Asset Management

The Group upholds the philosophy of long-term value investment, fully considers the impact of the new accounting standards, and continuously deepens the match of assets and liabilities. By harnessing the full-range investment qualifications and diversified investment capabilities, we maintain a clear strategic focus on developing the strategic asset allocation that aligns with the characteristics of insurance liabilities and spans across macroeconomic cycles. Furthermore, we keep enhancing our investment research capacity, and effectively improve our judgment of market trends. Meanwhile, we carry out tactical asset allocation scientifically and flexibly under the premise of strict investment risk management to create long-term, stable and sustainable investment performance for insurance funds.

(I) Our Group's investment assets

In 2024, China's economy maintained overall stability with steady progress. All existing policies were effectively implemented, and a package of incremental policies was introduced with intensified efforts, which solidly propelled high-quality development. However, the economic development was also accompanied by risks and challenges. Externally, the trend of de-globalization was surging, while internally, insufficient effective demand coexisted with overcapacity in certain industries, presenting structural contradictions that still needed to be resolved. Despite the difficulties, the fundamental strengths of China's economy, its resilience, potential and vitality, remained unchanged. Throughout the year, China's A-share market experienced a U-shaped recovery, with dividend stocks and technology stocks alternately taking the lead in the market. Meanwhile, the government bond yields continued to trend downward. Upholding the core principle of asset-liability matching, our Group maintained a prudent risk appetite. Guided by the medium- and long-term strategic asset allocation, we dynamically optimized our tactical allocation structure in response to the changes in the market environment, actively addressing the challenges posed by the downward of the interest rates, and striving to achieve long-term stable returns that can withstand cyclical fluctuations. In fixed-income investment, we allocated ultra-long-term bonds to strengthen the management of asset-liability matching. Meanwhile, we actively explored premium non-standard and credit products to strengthen the yield of our core holdings. In equity investment, our Group has consistently pursued a long-term, value-oriented strategy. Since 2021, we have strategically allocated resources to high-dividend stocks and other targets with stable financial returns, thereby continuously reinforcing our core returns. At the beginning of 2024, our Group adopted a defensive equity investment strategy to consolidate the foundation of our investment returns. In response to the market fluctuations and policy adjustments throughout the year, our Group established a team to conduct specialized market tracking, proactive research, and strategic adjustments, aiming to seize opportunities and enhance returns. In addition, facing the challenges posed by asset scarcity amid a declining interest rate environment, our Group actively explored innovations in investment strategies and product varieties, paying close attention to potential investment opportunities including REITs and government bond futures, and explored innovative investment strategies and product varieties like mergers and acquisitions (M&A) themes. We actively followed up and conducted in-depth research on new investment areas and structurally advantaged sectors to timely seize investment opportunities. As of December 31, 2024, our Group's total investment assets reached RMB548.58 billion, representing an increase of 14.3% from the end of the previous year. The total investment income amounted to RMB19.85 billion, reflecting a year-on-year increase of 35.8%, while the comprehensive investment income reached RMB29.78 billion, representing a year-on-year increase of 111.6%.

1. Investment portfolio

Unit: RMB in millions, except for percentages

	December 31, 2024		Change in percentage from the end of the previous year	Change in amount from the end of the previous year
	Amount	**Percentage**		
Fixed-income financial assets	**396,875**	**72.3%**	**3.1pt**	**19.5%**
Term deposits	**9,917**	**1.8%**	(0.2pt)	3.4%
Bonds	**316,709**	**57.7%**	5.7pt	27.1%
Wealth management products(1)	**51,651**	**9.4%**	(0.8pt)	5.4%
Other debt investments(2)	**18,598**	**3.4%**	(1.6pt)	(22.8%)
Equity financial assets	**119,543**	**21.8%**	**0.7pt**	**18.0%**
Stocks	**67,587**	**12.3%**	1.3pt	28.4%
Equity funds	**5,267**	**1.0%**	0.0pt	6.5%
Wealth management products(1)	**39,362**	**7.2%**	(0.2pt)	10.2%
Other equity investments(3)	**7,327**	**1.3%**	(0.4pt)	(8.3%)
Investments in associates and joint ventures	**10,445**	**1.9%**	**(0.3pt)**	**(0.3%)**
Investment properties	**9,710**	**1.8%**	**(0.1pt)**	**4.3%**
Cash and cash equivalents and others(4)	**12,006**	**2.2%**	**(3.4pt)**	**(55.0%)**
Investment assets (total)	**548,579**	**100.0%**	**–**	**14.3%**

Note 1: Wealth management products mainly include trust schemes from trust companies, products from insurance asset management companies, wealth management products from commercial banks and private equity funds.

Note 2: Other debt investments mainly include statutory deposits, bond funds and money market funds.

Note 3: Other equity investments mainly include unlisted equities, preferred shares and equity perpetual bonds.

Note 4: Cash and cash equivalents and others mainly include cash and short-term time deposits and securities purchased under agreements to resell.

(1) By investment category

Bonds investment. Given interest rates fluctuating at low levels, the Group continued to allocate long-term government bonds based on asset-liability matching principle, and lengthened the asset duration. As of December 31, 2024, bond investments accounted for 57.7% of the total investment assets, representing an increase of 5.7 percentage points from the end of the previous year; among them, government bonds accounted for 68.1% of the bond investments, representing an increase of 8.7 percentage points from the end of the previous year. The Group continued to improve credit risk management and post-investment management system, and explored high-quality investment targets under strict risk control. Overall, the issuers of the Group's bond investments are of strong financial strength, hence, the credit risk is well managed. Approximately 99.1% of domestic bonds (excluding government bonds and policy bank bonds) held by the Group received a credit rating of AA+ or above by external rating agencies, of which, approximately 95.8% received a credit rating of AAA or above. All overseas bonds held by the Group were investment-grade bonds, and approximately 90.6% of credit bonds received a rating of A or above by external rating agencies.

Fixed-income wealth management products. As of December 31, 2024, the fixed-income wealth management products held by the Group amounted to RMB51.65 billion, accounting for 9.4% of the total investment assets. 96.1% of the debt investment schemes and trust schemes we held received credit ratings of AAA. In terms of industry distribution, the underlying projects were spread across sectors including infrastructure, non-banking finance, real property, manufacturing, utilities and other industries. For the risk management of fixed-income wealth management products, the Group adheres to the principle of substantive risk management and control, and strictly manages the credit risk throughout the full life cycle of the products, including asset allocation, sector and product selection.

Equity financial assets. As of December 31, 2024, the Group's investment in equity financial assets amounted to RMB119.54 billion, accounting for 21.8% of the total investment assets, an increase of 0.7 percentage points from the end of the previous year, of which the investment in stocks and equity funds accounted for 13.3% of the total investment assets. The Group proactively manages equity investments driven by in-depth researches, actively explores investment opportunities, and prioritizes value stocks with high dividend yield and high-quality growth stocks with sustainable performance.

(2) By investment purpose

Unit: RMB in millions, except for percentages

	December 31, 2024		December 31, 2023	
	Amount	**Percentage**	Amount	Percentage
Financial assets at fair value through profit or loss	**137,579**	**25.1%**	125,367	26.1%
Financial assets at fair value through other comprehensive income	**360,005**	**65.6%**	292,449	61.0%
Financial assets at amortised cost and others[1]	**50,995**	**9.3%**	61,936	12.9%
Investment assets (total)	**548,579**	**100%**	**479,752**	**100.0%**

Note 1: Financial assets at amortised cost and others mainly include financial assets at amortised cost, cash and short-term time deposits, term deposits, securities purchased under agreements to resell, statutory deposits, investments in associates and joint ventures and investment properties.

2. *Investment income*

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	Changes
Net investment income[1]	**19,188**	17,696	8.4%
Realised gains	**2,017**	(869)	N/A
Gains or losses on changes in fair value	**2,110**	(1,552)	N/A
Impairment loss on investment assets	**(3,461)**	(656)	427.6%
Total investment income[2]	**19,854**	**14,619**	**35.8%**
Changes in other comprehensive income	**9,925**	(543)	N/A
Comprehensive investment income[3]	**29,779**	**14,076**	**111.6%**
Net investment yield (%)[1] [4]	**4.2**	**4.2**	**–**
Total investment yield (%)[2] [4]	**4.3**	**3.4**	**0.9pt**
Comprehensive investment yield (%)[3] [4]	**6.5**	**3.3**	**3.2pt**

Note 1: Net investment income consists of interest revenue from fixed-income financial assets, dividend income from equity financial assets, operating lease income from investment properties, share of profits and losses of associates and joint ventures, interest revenue from securities purchased under agreements to resell and interest revenue from demand deposits.

Note 2: Total investment income refers to the sum of net investment income, realised gains and gains or losses from fair value changes, less impairment loss on investment assets.

Note 3: Comprehensive investment income refers to the sum of total investment income, changes in the fair value of financial assets at fair value through other comprehensive income, and share of other comprehensive income of associates and joint ventures. It excludes the RMB21,395 million changes in the fair value of debt instruments at fair value through other comprehensive income for Sunshine Life in 2024. The historical data for 2023 have been adjusted accordingly.

Note 4: The calculation of net, total, and comprehensive investment yield follows the Modified Dietz method, excluding fair value changes in debt instruments classified under FVOCI for Sunshine Life, and deducting securities sold under repurchase agreements from the denominator. The historical data for 2023 have been adjusted accordingly.

In 2024, we achieved a net investment income of RMB19.19 billion and a total investment income of RMB19.85 billion, with a net investment yield of 4.2% and a total investment yield of 4.3%. We recorded a comprehensive investment income of RMB29.78 billion, with a comprehensive investment yield of 6.5%, representing an increase of 3.2 percentage points over the same period last year.

(II) Third-party assets under management

Sunshine AMC is responsible for the entrusted management of investment assets for the Group's insurance funds. It also provides third-party clients with the professional asset management, investment advisory, and related services to facilitate the stable growth of the asset value through development of asset management issuance products and special account. As of December 31, 2024, Sunshine AMC achieved the assets under management ("AUM") amounting to RMB744.61 billion, representing a decrease of 7.9% from the end of the previous year, among which, our third-party AUM amounted to RMB267.96 billion.

Unit: RMB in millions, except for percentages

	December 31, 2024	December 31, 2023	Changes
Assets under management entrusted to Sunshine AMC	**744,606**	**808,572**	**(7.9%)**
Including: AUM entrusted by Group	**476,643**	397,902	19.8%
Including: AUM entrusted by third party	**267,963**	410,670	(34.7%)

In 2024, amid a complex and increasingly volatile capital market, with a continued decline in interest rates, Sunshine AMC has remained steadfast in its customer-oriented principle, and continuously enhanced its comprehensive asset management capabilities through asset allocation, investment research, risk management, and technological advancement. By innovating in products, strategies, and services, it effectively met client needs. The Company has actively embraced the principles of long-term and value investment, enhanced the quality of business development by proactively adjusting the management scale through product structure optimization, and supported the stable operation of third-party businesses. The company has consecutively received the "Golden Bull Award for Insurance Asset Management Company (保險資管公司金牛獎)", and three products were awarded "Golden Bull Award for Portfolio Insurance Asset Management Product (組合類保險資管產品金牛獎)". Meanwhile, the debt-related business continued to play a significant role as a source of long-term funds, effectively supporting the development of the real economy. It has actively expanded and promoted innovative practices specifically tailored to advance the growth of green industries. Sunshine AMC has been recognized in the IPE Global Asset Management Top 500 for two consecutive years, ranking 206th globally and 37th in China.

III. ANALYSIS ON SPECIAL ITEMS

(I) Liquidity Analysis

1. Gearing Ratio

	December 31, 2024	December 31, 2023
Gearing Ratio(1)	**89.1%**	88.0%

Note 1: gearing ratio = total liabilities/total assets

2. Statement of Cash Flows

Unit: RMB in millions, except for percentages

For the year ended December 31	**2024**	2023	Increase/ decrease
Net cash inflows from operating activities	**32,603**	20,334	60.3%
Net cash outflows from investing activities	**(37,618)**	(36,411)	3.3%
Net cash (outflows)/inflows from financing activities	**(9,684)**	18,126	N/A

3. Liquidity Analysis

The Company manages the liquidity of the group company and its subsidiaries at the group level. As a holding company, the group company mainly conducts business operations through its subsidiaries, and its cash flow is mainly derived from dividends and other investment income of its operating subsidiaries.

The Company's major sources of capital include premium income, interests and dividend income, and cash inflows from the selling or maturing of investment assets, etc. The demand for working capital mainly includes the reimbursement or payment of insurance contracts, withdrawals, reductions or other forms of early termination of insurance contracts by policyholders, dividends paid to shareholders and cash payments for daily expenses.

The Company's cash and bank deposits provide the Company with liquid resources to meet its cash disbursement needs. As of the end of the Reporting Period, the Company had cash and cash equivalents of RMB12.01 billion and term deposits of RMB9.92 billion. In the case of interest loss, substantially all of the Company's term bank deposits are available. In addition, the Company's investment portfolio also provides the Company with liquidity resources to meet unforeseen cash disbursement needs. As of the end of the Reporting Period, the book value of the Company's fixed-income financial assets investment was RMB396.88 billion and the book value of equity financial assets investment was RMB119.54 billion.

The Company believes that it has sufficient working capital to meet its current working capital needs.

(II) Solvency

The Group and each of its insurance subsidiaries prepare and report solvency data in accordance with the Regulatory Rules on the Solvency of Insurance Companies (II) (《保險公司償付能力監管規則(II)》) issued by the CBIRC and the Circular on Optimization of Solvency Supervision Standard for Insurance Companies (《關於優化保險公司償付能力監管標準的通知》) issued by the National Financial Regulatory Administration.

As of December 31, 2024, the comprehensive solvency ratio and the core solvency ratio of the Group and each of its insurance subsidiaries were significantly higher than the regulatory requirements, and their capital positions were sufficient and sound.

The table below sets forth the solvency data of the Group and its main insurance subsidiaries as at the dates indicated:

Unit: RMB in millions, except for percentages

	December 31, 2024	December 31, 2023	Increase/ Decrease
The Group			
Core capital	**89,726**	73,869	21.5%
Actual capital	**128,630**	107,874	19.2%
Minimum capital	**56,619**	48,758	16.1%
Core solvency ratio (%)	**158**	152	6pt
Comprehensive solvency ratio (%)	**227**	221	6pt
Sunshine Life			
Core capital	**65,483**	46,615	40.5%
Actual capital	**98,630**	74,519	32.4%
Minimum capital	**47,844**	40,611	17.8%
Core solvency ratio (%)	**137**	115	22pt
Comprehensive solvency ratio (%)	**206**	183	23pt
Sunshine P&C			
Core capital	**13,792**	12,691	8.7%
Actual capital	**19,547**	18,792	4.0%
Minimum capital	**8,379**	7,660	9.4%
Core solvency ratio (%)	**165**	166	(1pt)
Comprehensive solvency ratio (%)	**233**	245	(12pt)

Note 1: Core solvency ratio = core capital/minimum capital; comprehensive solvency ratio = actual capital/minimum capital.

Note 2: The minimum regulatory requirements for core solvency ratio and comprehensive solvency ratio are 50% and 100% respectively.

(III) Asset Charge

Some subsidiaries of the Group sold and repurchased securities in the market due to liquidity management needs. During the transactions, the securities held by subsidiaries of the Company will be used as collateral for transaction. As at December 31, 2024, the collateral status of the relevant securities is set out in Note 10 to the consolidated financial statements of this announcement.

(IV) Bank Borrowings and Bonds Payable

The aggregate balance of bank borrowings of the Group as at December 31, 2024 was RMB160 million, excluding the bonds issued by some subsidiaries of the Group and the securities sold under repurchase agreements of its investment business. The aggregate balance of bonds payable of the Group was RMB19.51 billion. The bonds payable by the Group are set out in Note 9 to the consolidated financial statements of this announcement.

(V) Risk of Exchange Rate Fluctuations

The vast majority of the Group's assets and liabilities are denominated in Renminbi (RMB), but some of its assets and liabilities are denominated in Hong Kong dollars, US dollars and other foreign currencies. The fluctuations of the value of RMB relative to such currencies expose us to foreign exchange risk. We controlled the adverse impact of exchange rate fluctuations by strengthening the management of asset liability matching of different currencies and controlling foreign exchange positions. The sensitivity to foreign exchange risk is calculated based on the net exposure to fluctuations in exchange rates by assuming a simultaneous and uniform depreciation of 10% against the Renminbi of all foreign currency denominated financial assets and financial liabilities would cause a decrease in equity before tax by RMB1.50 billion as at December 31, 2024 and a decrease in profit before tax by RMB840 million for 2024. If the above currencies appreciate by the same proportion, the appreciation will have an inverse effect of the same amount on equity before tax and profit before tax.

(VI) Contingent Liabilities

Given the nature of insurance business, in the ordinary course of its business, the Group is involved in various estimates, contingencies and legal proceedings, including as plaintiff and defendant in litigation and as applicant and respondent in arbitration. The adverse effects of the above disputes mainly include claims of insurance policies and others. The Group has made provision for possible losses, including provisions for claims such as insurance policies, when management has consulted counsel (if any) and is able to make a reasonable estimate of the outcome of the above litigation. No provision shall be made for audits, contingencies or legal proceedings where the outcome cannot be reasonably predicted and management considers that the likelihood of failure is low. As at December 31, 2024, with respect to the above pending litigation, the management believes that the obligations arising from the final ruling will not have a material adverse impact on the financial position and operating results of the Group.

IV. MAJOR EVENTS

(I) Connected Transactions

1. Continuing Connected Transactions

Provision of Investment Management Services by Sunshine AMC to the Group

Principal terms

On November 21, 2022, the Group entered into an entrusted investment management services framework agreement with Sunshine AMC (the "Entrusted Investment Management Services Framework Agreement"), which is effective from the Listing Date to December 31, 2024. Pursuant to the Entrusted Investment Management Services Framework Agreement, the Group entrusted Sunshine AMC to manage part of our investment assets. Sunshine AMC shall manage the entrusted assets in accordance with the Entrusted Investment Management Services Framework Agreement, specific entrusted investment management services agreements, relevant laws, regulations, regulatory requirements as well as the investment guidelines formulated by the Group, and the Group shall pay investment management fees, consulting service fees and other service fees to Sunshine AMC.

Pursuant to the Entrusted Investment Management Services Framework Agreement, Sunshine AMC shall provide investment management and investment advisory services to the Group in connection with traditional financial products (such as stocks, funds and bonds traded in the secondary markets) and alternative investments (such as direct equity investments, real estate investments and investments in private equity funds).

As the Entrusted Investment Management Services Framework Agreement and the annual caps thereunder have expired on December 31, 2024 and the Company will continue to conduct such transactions after December 31, 2024, on December 12, 2024, the Company and Sunshine AMC entered into the new entrusted investment management services framework agreement (the "New Entrusted Investment Management Services Framework Agreement"), with a term from January 1, 2025 to December 31, 2027, pursuant to which, the Group shall entrust Sunshine AMC (including its subsidiary Sunshine AMC (HK)) to manage part of investment assets and Sunshine AMC shall manage the entrusted assets in accordance with the New Entrusted Investment Management Services Framework Agreement, specific entrusted investment management agreements, relevant laws, regulations, regulatory requirements as well as the investment guidelines formulated by the Group. In addition, Sunshine AMC (including its subsidiary Sunshine AMC (HK)) shall provide investment advisory services to the Group in connection with direct equity investments and real estate investments and other investment matters. The Group shall pay investment management fees, advisory service fees and other service fees to Sunshine AMC.

Connected persons

Sunshine AMC is our non-wholly owned subsidiary and pursuant to Rule 14A.16(1) of the Hong Kong Listing Rules, a connected subsidiary of the Company, and therefore constitutes a connected person of the Company. As a result, the transactions under the Entrusted Investment Management Services Framework Agreement constitute our continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

Reasons for the transactions

Sunshine AMC has been providing investment management services to the Group since April 2013. Sunshine AMC offers investment management services that are highly recognised by the market and possesses the experience and expertise in asset management with sound investment management skills. Given that Sunshine AMC has a profound understanding of the Group's business, it is in the best interests of the Group and its Shareholders as a whole to continue such transactions to leverage Sunshine AMC's advantage to promote the Group's investment business development and to provide better investment returns for our Shareholders.

Pricing policy

For traditional financial products, the Group will pay investment management fees (including base management fee and performance-based management fee) and other relevant service fees to Sunshine AMC. The base management fee is calculated by multiplying the net asset value of the entrusted assets by the fixed management fee rate (0.4% per annum for equity assets and 0.1% per annum for fixed-income assets) and shall be paid monthly, whereas the performance-based management fee equals to 10% or 15% of the return exceeding the performance benchmarks for each type of assets and is normally determined at the year end. Sunshine AMC may subscribe financial products managed by itself with the entrusted assets of the Group, for which Sunshine AMC will charge service fee with reference to the above-mentioned fee rates.

For alternative investments, the Group will pay consulting service fees (including base service fee and performance-based service fee) to Sunshine AMC. The base service fee is calculated by multiplying the investment principal of each project by the base fee rate of each type of project as agreed under specific transaction agreements, with the highest fee rate not exceeding 1% per annum of the investment principal; whereas the performance-based service fee is charged based on the actual contribution of consulting services provided by Sunshine AMC, which in principle shall not exceed 20% of the net return from our alternative investment portfolio under which Sunshine AMC provides services and is normally determined at the year end. The Group shall only pay such performance-based service fees to Sunshine AMC when the return rate of the alternative investment portfolio is higher than the benchmark return rate as agreed between the Group and Sunshine AMC.

The pricing of the investment management services is determined by both parties after arm's-length negotiations with reference to the Group's business needs for such investment management services. The fee rates charged by Sunshine AMC under the Entrusted Investment Management Services Framework Agreement are no less favorable to the Group compared to the fee rates typically charged by Sunshine AMC against its other Independent Third Parties customers for similar business, as well as the fee rates paid by the Group to Independent Third Parties asset managers for similar business.

Annual caps and transaction amounts

For the three years ended December 31, 2024, the annual caps of the fees for investment management services to be paid by the Group to Sunshine AMC are expected to be as follows:

Unit: RMB in millions

For the year ended December 31	2022	2023	**2024**
Fees cap for investment management services expected to be paid by the Group to Sunshine AMC	946	1,111	**1,258**

For the year ended December 31, 2024, the fees for investment management services actually paid by the Group to Sunshine AMC were RMB811 million in aggregate.

Confirmation from independent non-executive directors and auditor of the Company

In respect of the above continuing connected transactions, the Company confirms that it has complied with the requirements of Chapter 14A of the Listing Rules as amended from time to time. The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions as set out above have been and will continue to be conducted in the ordinary and usual course of business of the Company under agreements relating to the continuing connected transactions, be entered into on ordinary commercial terms (as defined in the Listing Rules), and are fair and reasonable; and are conducted on the terms of the relevant transaction agreements and are in the interests of the Company and the Shareholders as a whole, and the proposed annual caps for such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board of Directors of the Company has received a confirmation letter from the Company's auditor in respect of the continuing connected transactions as set out above, and based on the work performed by it, the auditor drew the following conclusions on the disclosed continuing connected transactions (among others):

a. nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors.

b. for transactions involving the provision of goods or services by the Company, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached table, nothing has come to the auditor's attention that causes the auditor to believe that the amounts of the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

2. Confirmation for Related Party Transactions

Save for the connected transactions and continuing connected transactions disclosed in this announcement, there are no related party transactions that constitute connected transactions or continuing connected transactions that are required to be announced or approved by independent Shareholders under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the connected transactions and continuing connected transactions of the Company.

(II) Material Contracts and Their Implementation

Investment is one of the core business activities of the Company. The Company mainly adopts the model of entrusted investment management. Sunshine AMC, as the manager within Sunshine Insurance, is entrusted to manage most of the investment assets. The Company also cooperates with professional investment management institutions such as fund companies as external managers to complete the diversified pattern of entrusted investment management. The Company sets different investment strategies and performance benchmarks through different account liability attributes and risk-return characteristics of broad asset class to enhance the stability of returns while reasonably diversifying investment risks. Under the entrusted investment management contracts entered into with Sunshine AMC, the Company guides and supervises investment managers' investment behaviors through investment guidelines, dynamic tracking, performance evaluation and other measures, and adopts targeted risk management measures according to the characteristics of different investment assets.

During the Reporting Period, except as otherwise disclosed in this announcement, there were no other material contractual matters required to be disclosed by the Company.

(III) Performance of Commitments

The Company complies with the undertakings made in the Prospectus. On March 16, 2023 and April 6, 2023, the Board and the general meeting of the Company considered and approved the proposed conversion of not less than 600,000,000 domestic unlisted shares and not more than 3,000,000,000 domestic unlisted shares of the Company into H Shares of the Company. Subject to obtaining all relevant approvals and filings in accordance with applicable domestic and overseas laws and regulations and the Hong Kong Listing Rules, the Company has completed converting 2,328,616,013 Domestic Shares into H Shares on January 12, 2024, and the converted H Shares have been listed on the Main Board of the Hong Kong Stock Exchange on January 15, 2024. Upon the completion of such matter, the Company's H Shares accounted for approximately 30.25% of its total shares. The corresponding undertakings made in the Prospectus have been performed.

(IV) Material Litigation and Arbitration

During the Reporting Period, the Company had no material litigation or arbitration.

(V) Major Acquisition and Investment

During the Reporting Period, the Company had no major acquisition or investment.

(VI) Use of Proceeds

As of December 31, 2023, the proceeds from the initial public offering of the Company were fully used, and its use was in line with the use of proceeds promised by the Company in the Prospectus. It was used for enhancing the capital bases to support the ongoing business growth of the Company. For details of the use of the proceeds from the initial public offering of the Company, please refer to the 2023 annual report published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinosig.com) on April 25, 2024.

V. PROSPECTS

(I) Market Environment

In the medium to long run, China, as one of the most significant growth engines in the global insurance market, has both insurance density and depth below the global average. The overall coverage and level of protection are still at a relatively low level, indicating substantial room for improvement. The comprehensive advancement of building a healthy China and proactive response to population aging have been elevated to national strategies, which will inevitably lead to a continuous rise in insurance demand in the fields of health, elderly care and medical services. The Central Financial Work Conference has clearly outlined the "five priorities (五篇大文章)" and the new "Ten National Guidelines", directing the insurance industry to fully leverage its role as an economic shock absorber and social stabilizer to serve the construction of a financial powerhouse and the modernization of China. In the future, the insurance industry is bound to play an increasingly important role in serving the real economy and people's livelihood security.

Currently, the domestic economy continues to exhibit a steady and progressive trend. The combined effects of the central government's existing and incremental policies are continuously released, providing strong support and dynamic momentum for the sustained recovery and improvement of the economy. The insurance industry is at a pivotal juncture of transformation and upgrading. The low interest rate environment poses challenges to the life insurance industry, prompting the industry to further enhance its asset-liability matching capabilities and the level of refined management. The increasing demand for health, elderly care and wealth among customers, along with the silver-haired demographic, will bring new development opportunities to the industry, and the customer-centered "product + service" transformation will continue to advance. The rising risk of climate disasters imposes higher requirements on the catastrophe response capabilities and risk reduction services of the property and casualty insurance industry, highlighting its role in serving the real economy, serving people's livelihood security and providing risk reduction services. The long-cycle capital of insurance is conducive to the formation of "patient capital", playing a greater role in supporting technological innovation, strategic emerging industries, and infrastructure construction.

Looking forward to 2025, as the effects of the national package of stable growth policies become evident and the potential for economic growth continues to be unleashed, the positive macroeconomic environment will create favorable conditions for the steady development of the insurance industry. The high-quality transformation of the insurance industry will continue to deepen, and the scope for development will further expand.

(II) Development Outlook

The Company adheres to the mission of "bring more sunshine to people" and maintains a developmental tone of "stability first, quality over speed". With a customer-centric approach, the company persists in innovation leadership and technology empowerment. The Company firmly seizes the industry policy dividends and transformation opportunities, actively engages in the "five priorities (五篇大文章)" and steadfastly implements the New Sunshine Strategy, by continuously gaining insight into customer needs, optimizing business structure, conducting cost reduction and efficiency improvement, and enhancing profit value. By breaking through in key areas, the Company will strengthen its core competitiveness and unwaveringly achieve the strategic goal of "high-quality development and high-value growth".

Sunshine Life will continue to deepen the implementation of customer-centric thinking and promote the value-oriented development of diversified businesses. The individual insurance sector will comprehensively deepen differentiated operations, excavate the distinctive advantages of the business models, focus on team building and organization development, and enhance grassroots operational capabilities and efficiency. Bancassurance will strengthen and maintain competitive advantages, continuously advance the professional development of teams, constantly improve capabilities in customer management and branch operation, and accelerate the diversified layout of channels. We will continue to enhance the linkage and refined management of assets and liabilities, continuously optimize the product structure, and reduce liability costs. Furthermore, we will deepen the implementation of the "three/five/seven (三/五/七)" operational system, improve the ability to perceive customer needs, enrich the "insurance plus (保險+)" system, and enhance the classified operation capability for customers.

Sunshine P&C will adhere to the developmental tone of "stability first, quality over speed" uphold value and engage in lean operations. With the "three mortality tables" and the "Partnership Action" as fundamental tools, we will solidify risk pricing, resource allocation, and claims management capabilities, thereby strengthening the foundation for stable profitability in automobile insurance and high-quality development in non-automobile insurance. Through "Partnership Action (夥伴行動)", we will win customers and the future. We strive to leverage our strengths, actively engage in the "five priorities (五篇大文章)" in financial sector, continuously improve the quality and efficiency of serving people's livelihood security and the real economy, comprehensively enhance our sustainable development capabilities, and steadfastly follow the path of high-quality development.

The investment segment will adhere to a long-term investment strategy. We will leverage the advantages of patient capital to build an investment portfolio that matches the characteristics of insurance liabilities and can navigate through macroeconomic cycles, achieving long-term stable appreciation of assets. We will solidly advance the "five priorities (五篇大文章)" in financial sector, effectively empower the main business of insurance and support the Company's strategic development. The asset management sector will continue to uphold the philosophy of value-driven development, enhance product innovation and implementation capabilities, optimize the customer service management system, improve the application of financial technology, achieve high-quality development in asset management business, and provide clients with consistent and stable investment returns.

EMBEDDED VALUE REPORT

I. BACKGROUND

In order to provide investors with an additional tool to understand the Company's economic value and business results, we have prepared the results of embedded value and value of new business in accordance with the "Actuarial Practice Standard: Assessment Standard for Embedded Value of Life Insurance" published by the China Association of Actuaries in November 2016 ("CAA [2016] No. 36") (thereafter referred to as "the EV Assessment Standard"), as well as general accepted actuarial principles and relevant laws and regulations. We have engaged KPMG Advisory (China) Limited Beijing Branch to review the reasonableness of the valuation methodology, the valuation assumptions as well as the valuation results of embedded value and value of new business of the Company as of December 31, 2024.

The embedded value is an actuarial estimation of the economic value of an insurance company based on a set of assumptions for future. It does not include any value attributed by future new business sales. The embedded value of the Group is defined as the sum of:

- The adjusted net worth of Sunshine Insurance Group; and

- Sunshine Insurance Group's share in Sunshine Life's value of in-force business after cost of capital.

The adjusted net worth of Sunshine Insurance Group is defined as the Group's net asset value based on the China Accounting Standards, inclusive of net-of-tax adjustments for differences between the carrying value and market value of certain assets, together with net-of-tax adjustments for differences between policy liabilities under China Accounting Standards and policy liabilities under the EV Assessment Standard.

Sunshine Life's value of in-force business and value of one year's new business is defined as the present value of projected after-tax distributable interest emerging in the future from the existing business as at the valuation date, and from the sales of new business in the 12 months prior to the valuation date, respectively. The distributable interest is determined based on policy liabilities and required capital valued under the EV Assessment Standard.

Sunshine Life uses the traditional deterministic discounted cash flow methodology for determining its value of in- force business and value of new business. This methodology makes implicit allowance for the cost of investment guarantees and policyholder options, asset and liability mismatch risk, credit risk, the risk of operating experience fluctuation, and for the economic cost of capital through the use of risk discount rates.

The evaluation of embedded value and new business value is based on current assumptions, which are subject to uncertainty. The evaluation results may change significantly with changes in key assumptions. The actual experience in the future may differ from the assumptions presented in this report; therefore, investors should exercise caution when using the evaluation results for investment decisions.

Please note that the values in some of the tables in this report may not be additive due to rounding.

II. KEY ASSUMPTIONS

This section summarizes the key assumptions used in determining the embedded value and value of new business as of December 31, 2024. These assumptions have been made on a going concern basis under the current economic and regulatory environment, and based on the Company's own experience in recent years, expectation of current and future experience, and the overall knowledge of the Chinese insurance market.

1. Risk Discount Rate

The risk discount rate used to calculate the value of in-force business and the value of new business of Sunshine Life is 8.5%.

2. Investment Return

The investment return assumption is 4.0%, and remains 4.0% in subsequent years.

3. Mortality

Mortality assumptions have been developed based on the China Life Insurance Mortality Table (2010-2013), considering Sunshine Life's past mortality experience, expectation of current and future experience, and the overall knowledge of the Chinese insurance market.

4. Morbidity

Morbidity assumptions have been developed based on China Life Insurance Critical Illness Table (2020) or Sunshine Life's pricing tables, considering Sunshine Life's past morbidity experience, expectation of current and future experience, and the overall knowledge of the Chinese insurance market. The trend of long-term morbidity deterioration has been taken into consideration.

5. Lapse and Surrender Rates

Lapse and surrender rates have been developed based on Sunshine Life's past lapse and surrender experience, expectation of current and future experience, and the overall knowledge of the Chinese insurance market. The assumptions vary by product type, premium payment mode and distribution channel.

6. Expenses

Expense assumptions are classified into two categories: the acquisition expense assumption and the maintenance expense assumption. Both are set based on unit cost, reflecting the expense analysis results and best estimates of future expenses. Inflation rate assumption of 3% per annum has also been applied.

7. Commission and Handling Fees

The assumed level of commission and commission override, as well as handling fees, have been set consistently with the actual level being paid.

8. Policyholder Dividends

Policyholder dividends have been derived in accordance with participating account's historical operational experience, expected future returns and policyholders' reasonable expectations, as well as to ensure that no less than 70% of distributable earnings arising from participating business are paid to policyholders.

9. Tax Rate

Corporate tax rate is assumed to be 25%. The tax exemption assumption relating to investment return is based on the allocation of tax-exempted assets at present and expected in the future.

III. RESULTS OF EMBEDDED VALUE AND VALUE OF NEW BUSINESS

The tables below show the embedded value of Sunshine Insurance Group, the embedded value and value of new business of Sunshine Life as of December 31, 2024 (in RMB million):

1. Embedded value

Valuation Date	**December 31, 2024**	December 31, 2023
The adjusted net worth of Sunshine Insurance Group	**75,462**	**66,027**
The adjusted net worth of Sunshine Life	**53,022**	**40,622**
Sunshine Life's value of in-force business before cost of capital	50,197	44,691
Cost of capital	(9,900)	(6,657)
Sunshine Life's value of in-force business after cost of capital	**40,297**	**38,033**
Embedded value of Sunshine Insurance Group	**115,758**	**104,060**
Embedded value of Sunshine Life	**93,319**	**78,656**

2. Value of one year's new business

Valuation Date	**December 31, 2024**	December 31, 2023
Sunshine Life's value of one year's new business before cost of capital	6,746	5,825
Cost of capital	(1,594)	(2,228)
Sunshine Life's value of one year's new business after cost of capital	**5,153**	**3,596**

If restated with the economic assumptions as of December 31, 2023, the value of one year's new business of Sunshine Life as of December 31, 2024 would be RMB6,761 million.

3. Value of one year's new business from main channels

Valuation Date	**December 31, 2024**	December 31, 2023
Total of Sunshine Life	**5,153**	**3,596**
Of which: Individual insurance	1,758	1,321
Bancassurance	2,868	1,997

IV. ANALYSIS OF EMBEDDED VALUE MOVEMENT

The table below shows the change in the embedded value of Sunshine Insurance Group from December 31, 2023 to December 31, 2024 (in RMB million):

Items		Amount
1.	**Embedded value of Sunshine Life at beginning of period**	**78,656**
2.	Impact of new business	5,153
3.	Expected return	5,374
4.	Investment experience variance	19,380
5.	Other experience variance	669
6.	Methodology, Model and Assumptions change	(19,481)
7.	Diversification effects	917
8.	Capital injection/shareholder dividend	2,790
9.	Others	(138)
10.	**Embedded value of Sunshine Life at end of period**	**93,319**
11.	**Adjusted net worth of the Group's other business at end of period**	**23,771**
12.	Adjustment for minority shareholders' interest	(1,332)
13.	**Embedded value of Sunshine Insurance Group at end of period**	**115,758**

Notes: Items of change are explained below

Item 2. Reflects the value of new business in the relevant period.

Item 3. Expected return earned on adjusted net worth, value of in-force business and value of new business in the relevant period.

Item 4. Reflects the difference between actual and expected investment returns in the relevant period.

Item 5. Reflects the difference between actual operating experience in the relevant period and the assumptions at beginning of period.

Item 6. Reflects changes of methodology, model and assumptions between valuation dates.

Item 7. Refers to the difference in cost of capital evaluated on different level under C-ROSS embedded value framework, that is, cost of capital of new business is evaluated on the policy level while cost of capital of in-force business is evaluated on the company level.

Item 8. Capital injection for Sunshine Life and dividend to shareholders.

Item 9. Other miscellaneous items.

Item 12. Relevant adjustment for minority shareholders' interest of the Group.

V. SENSITIVITY TESTS

Sensitivity tests are performed under a range of alternative assumptions. In each of these tests, only the assumption referred to is changed, while all other assumptions remain unchanged. The table below shows the results of sensitivity tests (in RMB million):

Scenario	Sunshine Life's value of in-force business after cost of capital	Sunshine Life's value of one year's new business after cost of capital
Base Scenario	**40,297**	**5,153**
Risk discount rate increased by 50 base points	38,019	4,824
Risk discount rate decreased by 50 base points	42,814	5,517
Investment return increased by 50 base points	57,508	7,517
Investment return decreased by 50 base points	22,717	2,779
Mortality increased by 10% (i.e. 110% of Base)	39,830	5,091
Mortality decreased by 10% (i.e. 90% of Base)	40,773	5,217
Morbidity increased by 10% (i.e. 110% of Base)	39,153	5,125
Morbidity decreased by 10% (i.e. 90% of Base)	41,463	5,182
Lapse and surrender rates increased by 10% (i.e. 110% of Base)	40,413	5,064
Lapse and surrender rates decreased by 10% (i.e. 90% of Base)	40,173	5,250
Expenses assumptions increased by 10% (i.e. 110% of Base)	39,834	4,738

INDEPENDENT ACTUARIES OPINION ON REVIEW OF EMBEDDED VALUE INFORMATION

To the Board of Directors of Sunshine Insurance Group Company Limited

KPMG Advisory (China) Limited Beijing Branch (“We”) have reviewed the Embedded Value (“EV”) of Sunshine Insurance Group Company Limited (“the Company” or “Sunshine Insurance Group”) and Embedded Value of Sunshine Life Insurance Corporation Limited (“Sunshine Life”) as of 31 December 2024 set out in the 2024 Annual Report of the Company (“the EV Information”).

The management of the Company are responsible for the preparation and presentation of the EV Information in accordance with the “Actuarial Practice Standard: Assessment Standard for Embedded Value of Life Insurance” published by the China Association of Actuaries (“the EV Assessment Standard”) and industry practice for publicly listed companies in Hong Kong. This responsibility includes designing, implementing and maintaining internal control relevant to the maintenance of underlying data and information on the in-force business and preparation of the EV Information which is free from material misstatement, whether due to fraud or error; selecting and applying appropriate methodologies; making assumptions that are consistent with market information and are reasonable in the circumstances; and performing EV calculations.

Our responsibility, as independent actuaries, is to perform certain review procedures set out in our letter of engagement, and based on these procedures, conclude whether the EV methodologies and assumptions are consistent with the EV Assessment Standard, available market information and industry practice for publicly listed companies in Hong Kong.

We have reviewed the methodology and assumptions used in preparing the EV Information, including the following:

- The EV as of 31 December 2024;
- Value of one-year’s new business of the Sunshine Life as of 31 December 2024; and
- Movement analysis of the EV and sensitivity analysis of value of in-force business and value of one-year’s new business.

Our review procedures included, but were not limited to, reviewing the methodology and assumptions, inspecting documentation relating thereto, and considering whether the methodologies and assumptions are consistent with the EV Assessment Standard, available market information, and industry practice for publicly listed companies in Hong Kong.

The preparation of the EV Information requires assumptions and projections to be made about future uncertain events, many of which are outside the control of Sunshine Insurance Group. Therefore, actual experience may differ from these assumptions and projections, and this will affect the value of in-force business and the value of new business.

Our conclusion has relied on the integrity, accuracy and completeness of audited and unaudited data and information provided by Sunshine Insurance Group. Our work did not involve reperforming the EV calculations, nor verifying the data and information underlying the EV Information.

Based on our review procedures, we have concluded that the methodologies and assumptions used in preparing the EV Information are consistent with the EV Assessment Standard, available market information, and industry practice for publicly listed companies in Hong Kong.

This report has been prepared for and only for the Board of Directors of the Company in accordance with our letter of engagement and for no other purpose. We do not accept or assume responsibility for any other purpose or to any other person whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

For and on behalf of
KPMG Advisory (China) Limited Beijing Branch
Zhenhua Lu, *FSA*

26 March 2025

OTHER MATTERS

I. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company or any of its subsidiaries had not purchased, sold or redeemed any of its listed securities (including sale of treasury shares (as defined in the Hong Kong Listing Rules)).

As at the end of the Reporting Period, the Company did not hold treasury shares.

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code as the basis of corporate governance practices since the Listing Date. During the Reporting Period, save as disclosed below, the Company has complied with all applicable code provisions and, where applicable, adopted the recommended best practices as set out in the Corporate Governance Code.

During the Reporting Period, Mr. ZHANG Weigong served as the chairman of the Board and chief executive officer of the Company. Mr. ZHANG Weigong, our founder, has extensive experience in the insurance industry and is responsible for the business strategies and overall management. While this will constitute a deviation from code provision C.2.1 of Appendix C1 to the Hong Kong Listing Rules, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board considers that vesting the roles of chairman of the Board and chief executive officer in Mr. ZHANG Weigong is beneficial to the business prospects and operational efficiency of the Company. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently comprises five executive Directors (including Mr. ZHANG Weigong), five non-executive Directors and five independent non-executive Directors and therefore has a high level of independence. The overall strategies and other key business policies of the Group are made collectively by the Board after thorough discussion to ensure the comprehensiveness and reasonableness of decision-making. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

III. SECURITIES TRANSACTIONS

During the Reporting Period, in respect of dealings in securities by Directors and Supervisors, the Company had adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules. Upon specific enquiries by the Company, all Directors and Supervisors confirmed that they had complied with the standards set out in the Model Code during the Reporting Period.

IV. REVIEW OF ANNUAL RESULTS

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Ernst & Young Hua Ming LLP and Ernst & Young. The audit committee of the Board of the Company has also reviewed the audited annual results of the Group for the year ended December 31, 2024. The figures in respect of the Group's results for the year ended December 31, 2024 as set out in this annual results announcement have been agreed by the Company's auditor, Ernst & Young, in line with the figures set out in the Group's audited consolidated financial statements for the year ended December 31, 2024.

V. PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended December 31, 2024 of RMB0.19 per share (tax included), totaling approximately RMB2.19 billion (the "**2024 Final Dividend**"). The 2024 Final Dividend is subject to the approval of Shareholders of the Company at the 2024 annual general meeting, and is expected to be paid to the Shareholders on Monday, July 28, 2025, and will be denominated and distributed in Renminbi, among which, Shareholders who convert their Shares from Domestic Unlisted Shares to H Shares after the implementation of the H Share "Full Circulation" and invest in H Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be paid dividends in RMB, and dividends for other H Share Shareholders will be paid in Hong Kong dollars, which shall be calculated at the average central parity rate of Hong Kong dollars against Renminbi in the interbank foreign exchange market for the last five business days up to and including the date of the 2024 annual general meeting published by China Foreign Exchange Trade System as authorised by the PBOC.

The above profit distribution scheme will not result in the Company's relevant solvency ratios falling below regulatory requirements.

The notice of the 2024 Annual General Meeting will announce the date of the 2024 Annual General Meeting of the Company and the relevant arrangements of closure of register of members, and the arrangements of closure of register of members for the final dividend.

VI. SUBSEQUENT EVENTS

Profit distribution

On March 26, 2025, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2024, and declared a final cash dividend of 2024 with a total distribution of RMB2.19 billion in the amount of RMB0.19 (tax inclusive) per share. The foregoing profit distribution plan is subject to the approval by the annual general meeting. Please refer to "Other Matters V" for details.

Save as disclosed in this announcement, there were no other material subsequent events of the Company after the Reporting Period.

VII. PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended December 31, 2024 will be published on the Company's website (www.sinosig.com) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) in due course.

DEFINITIONS

"Board" or "Board of Directors"	the board of Directors of our Company
"Board of Supervisors"	the board of Supervisors of our Company
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018, and, if the context requires, includes its predecessors, namely CBRC and CIRC
"China" or "PRC"	the People's Republic of China, for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" or "PRC" do not include Hong Kong, Macau and Taiwan
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會), which was merged with the CBRC to form the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司), a joint stock company established on June 27, 2007 under the laws of the PRC with limited liability, and if the context requires, includes its predecessors prior to the incorporation of the Company
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Domestic Unlisted Shares"	ordinary shares in the share capital of our Company with nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC natural persons or entities established under PRC laws
"Group", "our Group", "we" or "us"	our Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which have been listed and traded on the Hong Kong Stock Exchange with effect from December 9, 2022
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Independent Third Party(ies)"	person(s) or company(ies) which to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company
"Listing"	listing of our H Shares on the Main Board
"Listing Date"	the date of December 9, 2022, on which dealings in our H Shares first commence on the Stock Exchange

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"National Financial Regulatory Administration"	The National Financial Regulatory Administration (國家金融監督管理總局), a regulatory authority formed on the basis of the former CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知)(Guo Fa [2023] No. 5) issued by the State Council on March 20, 2023, and if the context requires, includes its predecessor (i.e. CBIRC)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Prospectus"	the prospectus of the Company dated November 30, 2022 issued in connection with the Global Offering and the Listing
"province"	all provincial-level administrative regions of the PRC, including provinces, autonomous regions, municipalities directly under the Central Government and special administrative regions of the PRC
"Reporting Period"	for the year ended December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Sunshine AMC"	Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司), a joint stock company established on December 4, 2012 under the laws of the PRC with limited liability, in which the Company directly and indirectly held approximately 80% equity interest as at the date of this announcement

"Sunshine DIG & AI TECH"	Sunshine Digital Intelligence Technology Co., Ltd (陽光數智科技有限責任公司), a company established on February 6, 2024 under the laws of the PRC with limited liability in which the Company held 100% equity interest as at the date of this announcement
"Sunshine Life"	Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司), a joint stock company established on December 17, 2007 under the laws of the PRC with limited liability, in which the Company held 99.9999% equity interest as at the date of this announcement
"Sunshine P&C"	Sunshine Property and Casualty Insurance Company Limited (陽光財產保險股份有限公司), a joint stock company established on July 28, 2005 under the laws of the PRC with limited liability, in which the Company held approximately 100% equity interest as at the date of this announcement
"Sunshine Surety"	Sunshine Surety Insurance Company Limited (陽光信用保證保險股份有限公司), formerly known as Sunshine Yurong Credit and Guarantee Insurance Company Limited (陽光渝融信用保證保險股份有限公司), a joint stock company established on January 11, 2016 under the laws of the PRC with limited liability, in which the Company held approximately 87.33% equity interest as at the date of this announcement
"Supervisor(s)"	the supervisor(s) of our Company
"US$" or "US dollars"	US dollars, the lawful currency of the United States

By order of the Board
Sunshine Insurance Group Company Limited
陽光保險集團股份有限公司
SHU Gaoyong
Joint Company Secretary

Hong Kong, March 26, 2025

As at the date of this announcement, the Board of Directors of the Company comprises Mr. ZHANG Weigong, Mr. ZHAO Zongren, Mr. LI Ke, Mr. PENG Jihai and Mr. WANG Yongwen as executive Directors; Mr. CAI Qiwu, Mr. WANG Jingwei, Mr. CHEN Yong, Ms. QIAN Yiqun and Mr. HOU Huisheng as non-executive Directors; and Mr. LIU Zhanqing, Ms. JIA Ning, Mr. WU Xiaoqiu, Mr. HONG Qi and Mr. XU Ying as independent non-executive Directors.