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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)

**CONNECTED TRANSACTION
PROPOSED INVESTMENT IN THE PILOT FUND**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



PILOT INVESTMENT FUND

The Board of Directors announced that, after the consideration and approval by the Board on May 16, 2025, Sunshine AMC, a subsidiary of the Company, shall establish a wholly-owned subsidiary as the fund manager (the **“Fund Manager”**) and the Fund Manager shall establish Sunshine Heyuan Private Securities Investment Fund (tentative name, subject to the name filed with the Asset Management Association of China) (the **“Pilot Fund”**). Sunshine Life, a subsidiary of the Company, intends to contribute RMB20 billion to invest in the Pilot Fund units (the **“Investment in the Pilot Fund”** or the **“Transaction”**), accounting for 100% of the total number of units to be offered, and the capital is proposed to be paid in installments in accordance with relevant legal documents of the fund. As at the date of this announcement, the Fund Manager and the Pilot Fund have not been established and Sunshine Life has not entered into relevant agreement in respect of the Investment in the Pilot Fund. The Company will make further announcement in relation to the progress of the Transaction in due course according to the requirements of the Hong Kong Listing Rules.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Sunshine AMC is a non-wholly owned subsidiary of the Company, and the Fund Manager is to be established and wholly owned by Sunshine AMC, therefore, Sunshine AMC and the Fund Manager are connected subsidiaries of the Company and

constitute connected persons of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules. The Investment in the Pilot Fund will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. The Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

ANNUAL GENERAL MEETING

The Company will convene an annual general meeting to consider and approve, among others, the Investment in the Pilot Fund. An independent board committee consisting of all the independent non-executive Directors will be established to advise the Independent Shareholders on the Investment in the Pilot Fund. The Company has appointed Gram Capital as the Independent Financial Adviser to advise the independent board committee and the Independent Shareholders regarding the same matter. A circular containing, among others, the details of the Investment in the Pilot Fund, a letter from the independent board committee, a letter from Gram Capital together with a notice of the annual general meeting is expected to be published on the HKEXnews website of the Hong Kong Stock Exchange and the website of the Company within 15 business days after publication of this announcement.

As at the date of this announcement, the Fund Manager and the Pilot Fund have not been established and Sunshine Life has not entered into relevant agreement in respect of the Investment in the Pilot Fund. The Investment in the Pilot Fund is still subject to consideration and approval at the general meeting of the Company and completion of relevant procedures such as registration and filing (if necessary). Therefore, there is a certain degree of uncertainty about the specific implementation and progress. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

1. INVESTMENT IN THE PILOT FUND

The Board of Directors announced that, after the consideration and approval by the Board on May 16, 2025, Sunshine AMC, a subsidiary of the Company, shall establish a wholly-owned subsidiary as the Fund Manager and the Fund Manager shall establish the Pilot Fund. Sunshine Life, a subsidiary of the Company, intends to contribute RMB20 billion to invest in the Pilot Fund units, accounting for 100% of the total number of units to be offered, and the capital is proposed to be paid in installments in accordance with relevant legal documents of the fund. As at the date of this announcement, the Fund Manager and the Pilot Fund have not been established and Sunshine Life has not entered into relevant agreement in respect of the Investment in the Pilot Fund. The Company will make further announcement in relation to the progress of the Transaction in due course according to the requirements of the Hong Kong Listing Rules.

The main arrangements for the Investment in the Pilot Fund are as follows (relevant matters shall be subject to the final agreement by the relevant parties and the final approval of registration by the relevant authorities):

Parties	<p>(1) Sunshine Life (as the fund unit holder);</p> <p>(2) Sunshine Hengyi Private Fund Management Co., Ltd. (陽光恆益私募基金管理有限公司) (tentative name, subject to the final approval and registration of the company registration authority, as the Fund Manager)</p>
Subscription	<p>Sunshine Life, a subsidiary of the Company, intends to contribute RMB20 billion to invest in the Pilot Fund units, accounting for 100% of the total number of units to be offered. Then Sunshine Life will seize investment opportunities based on its own asset strategic allocation plan and capital market conditions, subscribe for the fund units on open days specified in the Fund Contract in combination of its cash flows and in accordance with the laws and regulations and provisions in relevant legal documents of the Pilot Fund, and pay the capital in installments.</p>
Type of the Fund	<p>Equity private securities investment fund.</p>
Operation method	<p>Contractual open-ended fund.</p>
Investment objective	<p>To achieve long term value preservation and appreciation of the fund assets under the premise of controlled risk.</p>
Size of the fund	<p>RMB20 billion. The capital contributed by the Company are determined with reference to the capital requirements of the Pilot Fund and the allocation plan and contribution intention of the Company.</p>
Investment scope	<p>The investment scope of the Pilot Fund includes:</p> <p>(1) Equity assets: CSI 300 Index (000300) constituent stocks, Hang Seng Hong Kong Stock Connect Index (HSHKI) constituent stocks, relevant index ETF and index funds. Investment methods include, but not limited to, continuous bidding, subscription of non-public offering of shares (A shares)/placing (Hong Kong stocks), allotment (A shares)/rights issue (Hong Kong stocks), block trade, agreement transfer, etc.;</p>

- (2) Fixed income assets: bank deposits (including time deposits and other bank deposits), bond general pledged reverse repo;
- (3) Cash management instruments: cash, money market funds, etc.

Duration

10 years from the date of establishment of the Pilot Fund. The duration of the Pilot Fund can be extended accordingly or terminated early upon the completion of the relevant change procedures according to the Fund Contract.

Management fee, custodial fee and performance compensation

The management fee rate of the Pilot Fund is 0.40% per annum. The management fee shall be deducted from the net assets value of the fund and be paid to the Fund Manager.

The calculation formula of management fee is:

$$H = E \times R \div N$$

H: the daily accrued management fee;

E: the net asset value of the fund on the previous day;

R: annual management fee rate;

N: the actual number of days in the current year.

The custodial fee rate of the Pilot Fund shall be no more than 0.01% per annum. The calculation formula of custodial fee is:

$$H = E \times R \div N$$

H: the daily accrued custodial fee;

E: the net asset value of the fund on the previous day;

R: annual custodial fee rate;

N: the actual number of days in the current year.

The Fund Manager will charge performance compensation at a rate of 10% for the portion exceeding 0% of the annualized excess rate over the period (R). The calculation formula of performance compensation is:

Annualized excess rate over the period (R)	Rate	The calculation formula of performance compensation of the Fund Manager
$R \leq 0\%$	0	$E = 0$
$0\% < R$	10%	$E = N \times P_0 \times (R - 0\%) \times 10\% \times (T \div 365)$

R = return of the net asset value of the fund – relative return benchmark

Relative return benchmark = return of the CSI 300 Value Total Return Index * 80% + return of the CSI Hong Kong Stock Connect High Dividend Investment Total Return Index (subject to adjustment using estimated exchange rate) *15% + RMB current deposit interest rate (post-tax) *5%

E = performance compensation of the Fund Manager corresponding to certain unit

N = number of units held by investors through subscription, or number of units redeemed on the redemption date, or number of units held at the time of the termination of the fund

P0x = net value of the units on the previous benchmark date for accrual of performance compensation

T = number of days from the previous benchmark date for accrual of performance compensation (inclusive) to the current benchmark date for accrual of performance compensation (exclusive)

The management fee rate, custodial fee rate and performance compensation of the Pilot Fund are determined reasonably by the parties in compliance with the marketization principles. The pricing policy of the Transaction refers to the pricing of similar transactions in the market and is in line with the industry practices and the general business rules, and the rates are within a reasonable range. The pricing of the Transaction is fair, complies with the marketization principles of openness, fairness and justice, and fully reflects the market conditions. There is no transfer of benefits between the Company and its connected persons.

Return distribution

The Fund Manager may, at its discretion, decide to distribute the fund return to the fund unit holders. The specific distribution ratio, times, dates and amounts shall be determined at the discretion of the Fund Manager.

Subscription, redemption and transfer

The subscription fee rate of the Pilot Fund is 0%. The below table sets out the redemption fee rate, and 100% of the redemption fees shall be included in the assets of the fund.

Holding period (D)	Redemption fee rate
D<90 days	1%
D≥90 days	0%
Termination or liquidation of the fund	0%

Unless otherwise stipulated in relevant laws and regulation, the fund unit holders shall not transfer the fund units without the consent of the Fund Manager.

Management of the Fund

The fund unit holders' meeting of the Pilot Fund shall be participated by all fund unit holders.

A fund unit holders' meeting shall be convened to resolve any of the following matters when any of the following events occurs or requires decision-making:

- (1) to decide to change the Fund Manager or the fund custodian;
- (2) to decide to raise the remuneration standards (including performance compensation) of the Fund Manager or the fund custodian;
- (3) during the operation of the Pilot Fund, the Fund Manager requests the appointment or change of investment advisers or increase of the remuneration of investment advisers (if any);
- (4) to decide on changing the operation method of the Pilot Fund;
- (5) there is a circumstance where the Fund Manager is unable to perform or negligent in performing its management duties due to the reasons such as loss of contact, deregistration of the private equity fund manager or bankrupt;
- (6) to decide to extend the duration of the Pilot Fund;
- (7) to decide to revise important content of the Fund Contract or terminate the Fund Contract early;

- (8) other circumstances where a fund unit holders' meeting should be convened as stipulated by laws and regulations, regulatory authorities, and the Fund Contract.

With respect to the above matters, the resolution can be made directly without convening a fund unit holders' meeting for consideration if fund unit holders unanimously agree in writing.

Without violating laws and regulations, the Fund Manager or other conveners qualified under the Fund Contract shall have the right to resolve other matters that may have a significant impact on the rights and obligations of the fund unit holders by convening a fund unit holders' meeting.

Resolutions on matters to be considered at a fund unit holders' meeting shall be passed by two-thirds or above of the voting rights held by fund unit holders present at meeting; however, the resolution on the change of the Fund Manager or the fund custodian shall be passed by two-thirds or above of the voting rights held by all fund unit holders.

2. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Pilot Fund is focused on long-term equity investment, and is conducive to expanding the breadth and depth of participation of the funds of the Company in the capital market and achieving positive engagement and common development with the capital market. It will also give full play to the advantage of insurance funds as the long-term funds and patient capital, and is conducive to the stable, long-term and healthy operation of the capital market. Meanwhile, it is conducive to reducing the impact of fluctuations in the market value of equity assets on the net profit of the Company, and improving the ability of the Company to invest in the capital market.

The Directors, including the independent non-executive Directors, are of the view that the arrangement for the Investment in the Pilot Fund is in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Mr. ZHANG Weigong, Mr. LI Ke, Mr. PENG Jihai and Mr. HOU Huisheng are considered to hold positions of Sunshine Life and/or Sunshine AMC in which they have interests, and have abstained from voting on the Board resolution for approving the Investment in the Pilot Fund.

3. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Sunshine AMC is a non-wholly owned subsidiary of the Company, in which the Company held, directly and indirectly, approximately 80% equity interest and Mr. ZHANG Weigong, the Chairman of the Company, indirectly held the remaining 20% equity interest. The Fund Manager is to be established and wholly owned by Sunshine AMC. Therefore, Sunshine AMC and the Fund Manager are connected subsidiaries of the Company and constitute connected persons of the Company. The Investment in the Pilot Fund will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. The Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

4. GENERAL INFORMATION

The Company

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 the insurance regulatory authority.

Sunshine Life

The business scope of Sunshine Life includes life insurance, health insurance, accident insurance and other types of life insurance business; reinsurance businesses of the above; insurance fund application businesses permitted under the PRC laws and regulations; securities investment fund sales business; other businesses as approved by the insurance regulatory authority.

Fund Manager

As at the date of this announcement, the Fund Manager has not been established. The Fund Manager will be established and wholly owned by Sunshine AMC. If so established, it is expected to be mainly engaged in the private securities investment fund management services.

The Board will propose at the shareholders' general meeting of the Company to authorize the Board, which in turn authorizes the management and relevant personnel of the Company to make necessary amendments to the transaction agreement in accordance with the approval opinions of relevant regulatory authorities and based on the actual situation, select the fund custodian, and complete relevant filing and execution work.

5. ANNUAL GENERAL MEETING

The Company will convene an annual general meeting to consider and approve, among others, the Investment in the Pilot Fund. An independent board committee consisting of all the independent non-executive Directors will be established to advise the Independent Shareholders on the Investment in the Pilot Fund. The Company has appointed Gram Capital as the Independent Financial Adviser to advise the independent board committee and the Independent Shareholders regarding the same matter. A circular containing, among others, the details of the Investment in the Pilot Fund, a letter from the independent board committee, a letter from Gram Capital together with a notice of the annual general meeting is expected to be published on the HKEXnews website of the Hong Kong Stock Exchange and the website of the Company within 15 business days after publication of this announcement.

As at the date of this announcement, the Fund Manager and the Pilot Fund have not been established and Sunshine Life has not entered into relevant agreement in respect of the Investment in the Pilot Fund. The Investment in the Pilot Fund is still subject to consideration and approval at the general meeting of the Company and completion of relevant procedures such as registration and filing (if necessary). Therefore, there is a certain degree of uncertainty about the specific implementation and progress. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

6. DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司), a joint stock company incorporated 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
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company

“Fund Contract”	the Sunshine Heyuan Private Securities Investment Fund Contract to be entered into by Sunshine Life and the Fund Manager in due course
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Fund Contract and transaction contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required under the Hong Kong Listing Rules to abstain from voting at the annual general meeting in respect of the connected transaction of the Investment in the Pilot Fund
“PRC”	the mainland of the People’s Republic of China, for the purpose of this announcement and except where the context requires, references in this announcement to “PRC” do not include Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the 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 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

“%”

per cent

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, May 16, 2025

As at the date of this announcement, the Board of Directors of the Company comprises Mr. ZHANG Weigong, Mr. LI Ke and Mr. PENG Jihai 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.