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**Sunshine Insurance Group Company Limited**

**阳光保险集团股份有限公司**

*(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, 2025**

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, 2025, together with the comparative figures for the corresponding period in 2024, 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**

In 2025, China’s insurance industry not only withstood the operating pressure from a low interest rate environment, but also unleashed vitality for renewed growth amidst deep transformation and a return to rationality, having fully entered a new cycle of high-quality development. The year 2025 was the milestone year marking the 20th anniversary of the establishment of Sunshine Insurance. The Company actively adapted to the new landscape and proactively responded to new changes, embedding quality development, management efficiency enhancement, and capability building throughout the year. With unwavering resilience and determination, the Company achieved steady and solid progress.

**The business performance improved steadily, with value creation significantly enhanced.** In 2025, the Company’s gross written premiums were RMB150.72 billion, a year-on-year increase of 17.4%, while insurance revenue amounted to RMB65.07 billion, a year-on-year increase of 1.7%. The net profit attributable to equity owners of the parent was RMB6.31 billion, reflecting a year-on-year increase of 15.7%. The Group’s embedded value stood at RMB120.78 billion, an increase of 4.3% from the end of the previous year. The comprehensive investment yield was 6.1%. Sunshine Life’s premium volume surpassed the milestone of RMB100 billion, a year-on-year increase of 27.5%, while the value of new business amounted to RMB7.64 billion, a year-on-year increase of 48.2%. Sunshine P&C’s underwriting combined ratio, excluding guarantee insurance, was 98.9%, representing a year-on-year decrease of 1 percentage point, achieving an underwriting profit of RMB0.49 billion.

**Management efficiency and costs were optimized, with operational resilience transformatively upgraded.** In 2025, in order to hedge the operational risks from declining interest rates, the Company enhanced management efficiency by focusing on the control of fixed cost, variable expense and liability cost. The overall fixed cost of the Company decreased by 9.8%, the variable expense ratios of Sunshine P&C and Sunshine Life decreased by 1.5 and 8.4 percentage points respectively, and the total fixed cost and variable expense decreased by over RMB2 billion. Sunshine Life’s guarantee cost of first-year regular premiums and cost of in-force policies both further decreased. The Company withstood the test of the low interest rate environment with robust management, while further forging its resilience against extreme external environments.

**The “New Sunshine” Strategy was advanced on all fronts, with core capabilities solidly strengthened.** The year 2025 was the breakthrough year for the advancement of the New Sunshine Strategy. A number of strategic projects, essential for building the Company’s core capabilities, gained full momentum and achieved effective breakthroughs, advancing seamlessly from top-level design to execution.

**The “Technological Sunshine” initiative accelerated the Company’s data-empowered intelligent transformation.** In 2025, we started from the ground up, re-examining the fundamental logic of our operations. We restructured the production dynamics within our technology team, reshaped its cultural environment and innovation mechanisms, and identified and launched two core development initiatives: the “Robotics Engineering” and “Data Engineering” initiatives. Focusing on 12 key business scenarios — including operations, sales, customer service, and claims handling — we advanced our robotics initiatives across the board. A number of robot projects, such as the “AI Customer Service Assistant” and the “AI Claims Assistant”, have already been deployed in real-world business scenarios. As a result, Sunshine Tech team has firmly embarked on a fast-track development trajectory of AI.

**The “Valuable Sunshine” initiative solidly promoted model innovation.** Sunshine Life focused on profit source management and asset-liability matching, solidly promoted the management of the “three margins (三差)”, adhered to the coordinated development of multiple business lines, deepened the “One Body, Two Wings (一身兩翼)” strategy, continuously optimized the product structure and accelerated the transformation of the sales team. Sunshine P&C leveraged the “Mortality Table Project” as the core driver, constantly improving the capabilities in risk pricing, resource allocation and cost management, thereby solidifying the foundation for sustainable development. Meanwhile, Sunshine AMC adhered to the concept of long-term investment and value investment, remaining committed to asset-liability matching as its core principle. By continuously optimizing its investment portfolio and steadily enhancing its ability to achieve scientific matching and dynamic coordination between assets and liabilities, the Company strives to generate stable returns that can withstand market cycles.

**The “Caring Sunshine” initiative upgraded the customer service capability.** In 2025, the Company’s customer services marked a pivotal shift from experience-driven to data-driven operations, delivering a substantive upgrade in our customer service capabilities. Meanwhile, the “Matrix Plan and Partnership Action” strategic initiative was further consolidated and deepened. The “three/five/seven (三/五/七)” project of Sunshine Life continued to advance, accompanied by a deepening commitment to product-centric and customer-centric thinking. A dozen “Good Life (美好人生)” silver economy products began to take shape, establishing a distinctive brand identity for Sunshine. The “Partnership Action (夥伴行動)” initiative of Sunshine P&C was continuously deepened. Guided by the ABCD tiered development framework, we established a preliminary customer service grading system and specialized technical service standards. The onshore wind power sector was also incorporated as a new frontier for the “Partnership Action” initiative.

At the same time, the Company supported the national strategy by focusing on advancing the “five priorities (五篇大文章)” in the financial sector. During the year, the Company provided RMB58 trillion of risk insurance coverage for the real economy, with an outstanding investment balance exceeding RMB500 billion. This included offering nearly RMB15 trillion of green insurance coverage for 6.71 million corporate and individual clients, accompanied by approximately RMB6.1 billion in claim support. Investment efforts were stepped up to bolster the development of green industries and support the green transition, with the sustainable investment balance surpassing RMB66 billion, of which over RMB23 billion was directed toward green investments. In serving the cause of high-standard opening up, the Company provided RMB130.3 billion in risk coverage for 641 projects under the Belt and Road Initiative. The Company also strengthened its role in tech finance, continuously enhancing insurance coverage for scientific research, the commercialization of achievements, and the broader adoption of innovations. This contributed to nurturing new quality productive forces, with RMB46.9 billion in risk coverage for entities engaged in science and technology activities. Meanwhile, the Company cumulatively built 78 “Universal Love (博愛)” schools in 25 provinces across the country, and trained a total of 24,000 rural doctors to date through the continuous promotion of the “Plan to Promote Competence of 10,000 Rural Doctors (萬名村醫能力提升計劃)”, now covering 11 provinces and 18 cities including Shandong, Inner Mongolia and Chongqing, reflecting the Company’s dedicated commitment to serving society and improving people’s livelihoods.

Looking ahead, the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China drew a new blueprint for China’s high-quality development during the “15th Five-Year Plan” period. The next five years represent a critical phase in China’s journey toward becoming a moderately developed country. Alongside economic progress and social advancement, particularly the successful transformation and return to rationality of the insurance industry, the sector is poised to embrace a new spring of high-quality development. The Company will adhere to the development keynote of “prioritizing quality while pursuing progress”, comprehensively strengthening its development capabilities and vigorously driving value-based growth. At the same time, rooted in model innovation and powered by data technology, the Company will accelerate the building of core corporate capabilities, which will ensure a strong and solid start for Sunshine’s second twenty-year journey, laying a robust foundation for future growth.

Seizing the momentum and anchoring in value. Facing a new development landscape, the Company will firmly grasp the development opportunity, stay anchored to the “lighthouse” goal and practice value-driven development. Sunshine Life will seize the window of opportunity presented by relatively stable interest rates, adhering to a multi-channel development model that equally emphasizes both the agency and bancassurance channels, thereby driving comprehensive growth in value business. Sunshine P&C will leverage the rational return of auto insurance and the policy of “unified commission fees in reporting and underwriting (報行合一)” for non-auto insurance as opportunities to comprehensively enhance profitability and systematically improve the quality and capabilities of its sales force, thereby ushering in a new cycle of value-driven development. Sunshine AMC will adhere to the principles of core returns and asset-liability matching, grasping the trends of the times to effectively support the Group’s high-quality development and high-value growth with stable and predictable returns.

Fortifying the foundation and prioritizing core capabilities. In 2026, centred on the “New Sunshine Strategy”, we will make every effort to achieve breakthroughs in key areas such as the robotics and data engineering initiatives of “Technological Sunshine”, the life insurance value management, the P&C insurance’s “Mortality Table Project” and the “Partnership Action (夥伴行動)” initiative alongside the health and wellness ecosystem driven by the dual engines of insurance and senior care of “Valuable Sunshine”, and the full-chain customer service system encompassing sales, products, and services of “Caring Sunshine”. Through solid capability building, we will lay the groundwork for implementing the “New Sunshine Strategy” over the next five years.

China’s “15th Five-Year Plan” blueprint is clear and ambitious, and Sunshine has welcomed the first spring of the second twenty-year journey. Two decades of development have taught us that focusing on the main business, putting customers first, adhering to value-driven development and maintaining a firm bottom line of risks are timeless principles for navigating through cycles. Amid the ever-changing currents of our times, the ship of Sunshine will continue to be guided by the “Lighthouse” of serving national strategies and enhancing people’s well-being. With the “Rudder” of Sunshine’s “Love and Responsibility” culture and unwavering strategic resolve, and the “Oars” and “Sails” of continuously strengthened core capabilities and technological innovation, we sail forward with powerful momentum and a clear heading. We firmly believe that with the joint efforts of all Sunshine people and with the trust and support from customers, partners and the broader community, Sunshine Insurance will undoubtedly write an even more brilliant chapter in the grand journey of Chinese modernization, and continue striving to contribute to the building of a leading financial nation and “bring more sunshine to people”!

**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 2025

(All amounts expressed in RMB million unless otherwise specified)

|  | Notes | 2025                   | 2024            |
|--|-------|------------------------|-----------------|
| Insurance revenue  | 4     | 65,066                 | 64,004          |
| Interest income  |       | 9,976                  | 9,542           |
| Investment income  | 5     | 16,188                 | 13,134          |
| Share of profits and losses of associates and joint ventures                     |       | 703                    | 494             |
| Other income   |       | <u>2,878</u>           | <u>3,096</u>    |
| <b>Total revenues</b>  |       | <u><b>94,811</b></u>   | <u>90,270</u>   |
| Insurance service expenses   |       | (60,561)               | (58,494)        |
| Allocation of reinsurance premiums paid  |       | (1,889)                | (1,907)         |
| Less: Amount recovered from reinsurers   |       | 1,726                  | 1,780           |
| Net insurance finance expenses for insurance contracts issued                    |       | (17,156)               | (11,861)        |
| Less: Net reinsurance finance income for reinsurance contracts held              |       | 76                     | 151             |
| Expected credit losses   |       | (1,605)                | (2,377)         |
| Finance costs  |       | (1,076)                | (1,335)         |
| Other operating and administrative expenses                                      |       | <u>(7,220)</u>         | <u>(8,122)</u>  |
| <b>Total expenses</b>  |       | <u><b>(87,705)</b></u> | <u>(82,165)</u> |
| Profit before tax  |       | 7,106                  | 8,105           |
| Income tax   | 6     | <u>(536)</u>           | <u>(2,565)</u>  |
| <b>Net profit</b>  |       | <u><b>6,570</b></u>    | <u>5,540</u>    |
| Attributable to:   |       |                        |                 |
| Owners of the parent   |       | 6,307                  | 5,449           |
| Non-controlling interests  |       | 263                    | 91              |
| <b>Earnings per share attributable to ordinary equity holders of the parent:</b> |       |                        |                 |
| – Basic  | 7     | <u><b>RMB0.55</b></u>  | <u>RMB0.47</u>  |
| – Diluted  | 7     | <u><b>RMB0.55</b></u>  | <u>RMB0.47</u>  |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(All amounts expressed in RMB million unless otherwise specified)

|  | 2025                         | 2024                       |
|--|------------------------------|----------------------------|
| <b>Net profit</b>  | <b><u>6,570</u></b>          | <b><u>5,540</u></b>        |
| <b>Other comprehensive income</b>  |                              |                            |
| <b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>      |                              |                            |
| Changes in the fair value of debt instruments at fair value through other comprehensive income           | (12,118)                     | 16,197                     |
| Credit risks provision of debt instruments at fair value through other comprehensive income              | (60)                         | 1,204                      |
| Insurance finance expenses for insurance contracts issued  | (704)                        | (25,069)                   |
| Reinsurance finance income for reinsurance contracts held  | (3)                          | 23                         |
| Exchange differences on translating foreign operations   | (111)                        | (129)                      |
| Share of other comprehensive income of associates and joint ventures                                     | (69)                         | 15                         |
| <b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b> |                              |                            |
| Share of other comprehensive income of associates and joint ventures                                     | (18)                         | (4)                        |
| Changes in the fair value of equity instruments at fair value through other comprehensive income         | 6,092                        | 7,781                      |
| Insurance finance expenses for insurance contracts issued  | <u>(1,179)</u>               | <u>(1,739)</u>             |
| <b>Other comprehensive income for the year, net of tax</b>   | <b><u>(8,170)</u></b>        | <b><u>(1,721)</u></b>      |
| <b>Total comprehensive income for the year, net of tax</b>   | <b><u><u>(1,600)</u></u></b> | <b><u><u>3,819</u></u></b> |
| Attributable to:   |                              |                            |
| Equity owners of the parent  | (1,864)                      | 3,724                      |
| Non-controlling interests  | <u>264</u>                   | <u>95</u>                  |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(All amounts expressed in RMB million unless otherwise specified)

|   | <i>Notes</i> | <b>31 December<br/>2025</b> | 31 December<br>2024   |
|---|--------------|-----------------------------|-----------------------|
| <b>ASSETS</b>   |              |                             |                       |
| Property and equipment  |              | <b>18,496</b>               | 18,980                |
| Right-of-use assets   |              | <b>2,284</b>                | 2,372                 |
| Investment properties   |              | <b>9,274</b>                | 9,710                 |
| Investments in associates and joint ventures                                |              | <b>11,690</b>               | 10,445                |
| Financial investments:  |              |                             |                       |
| Financial assets at fair value through profit or loss                       |              | <b>178,390</b>              | 137,579               |
| Financial assets at amortised cost  | 9            | <b>8,108</b>                | 2,411                 |
| Debt financial assets at fair value through other<br>comprehensive income   |              | <b>322,611</b>              | 311,971               |
| Equity financial assets at fair value through other<br>comprehensive income |              | <b>61,021</b>               | 48,034                |
| Term deposits   |              | <b>21,904</b>               | 9,917                 |
| Statutory deposits  |              | <b>6,388</b>                | 6,506                 |
| Securities purchased under agreements to resell                             |              | <b>5,436</b>                | 5,300                 |
| Insurance contract assets   |              | <b>285</b>                  | 815                   |
| Reinsurance contract assets   |              | <b>5,474</b>                | 5,259                 |
| Deferred tax assets   |              | <b>1,325</b>                | 776                   |
| Other assets  |              | <b>5,280</b>                | 5,009                 |
| Cash at bank and on hand  |              | <b>15,373</b>               | 6,706                 |
| <b>Total assets</b>   |              | <b><u>673,339</u></b>       | <b><u>581,790</u></b> |

|  | <i>Notes</i> | <b>31 December<br/>2025</b> | 31 December<br>2024 |
|--|--------------|-----------------------------|---------------------|
| <b>LIABILITIES AND EQUITY</b>                              |              |                             |                     |
| <b>Liabilities</b>   |              |                             |                     |
| Insurance contract liabilities                             |              | <b>537,054</b>              | 457,316             |
| Reinsurance contract liabilities                           |              | <b>12</b>                   | 23                  |
| Lease liabilities  |              | <b>561</b>                  | 594                 |
| Bonds payable  | <i>10</i>    | <b>19,522</b>               | 19,507              |
| Financial liabilities at fair value through profit or loss |              | <b>2,998</b>                | 2,076               |
| Securities sold under agreements to repurchase             | <i>11</i>    | <b>27,661</b>               | 22,939              |
| Tax payables   |              | <b>1,141</b>                | 982                 |
| Premiums received in advance                               |              | <b>2,932</b>                | 663                 |
| Deferred tax liabilities                                   |              | <b>3</b>                    | 1,492               |
| Other liabilities  |              | <b>16,718</b>               | 12,785              |
|  |              | <u><b>608,602</b></u>       | <u>518,377</u>      |
| <b>Total liabilities</b>                                   |              | <b>608,602</b>              | 518,377             |
| <b>Equity</b>  |              |                             |                     |
| Share capital  |              | <b>11,502</b>               | 11,502              |
| Reserves   |              | <b>17,204</b>               | 23,855              |
| Retained profits   |              | <b>29,495</b>               | 26,725              |
|  |              | <u><b>58,201</b></u>        | <u>62,082</u>       |
| <b>Attributable to equity owners of the parent</b>         |              | <b>58,201</b>               | 62,082              |
| <b>Non-controlling interests</b>                           |              | <b>6,536</b>                | 1,331               |
|  |              | <u><b>64,737</b></u>        | <u>63,413</u>       |
| <b>Total equity</b>  |              | <b>64,737</b>               | 63,413              |
| <b>Total liabilities and equity</b>                        |              | <b>673,339</b>              | 581,790             |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(All amounts expressed in RMB million unless otherwise specified)

|   | Attributable to equity owners of the parent |                  |                  |                       |  |                                    |                                    |                           |                                       |                |                  |               |                           |               |
|---|---|------------------|------------------|-----------------------|--|------------------------------------|------------------------------------|---------------------------|---------------------------------------|----------------|------------------|---------------|---------------------------|---------------|
|   | Reserves                                    |                  |                  |                       |  |                                    |                                    |                           |                                       |                |                  |               | Non-controlling interests | Total equity  |
|   | 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      |                           |               |
| As at 1 January 2025  | 11,502                                      | 25,879           | 1,819            | 7,469                 | 57                                     | 29                                 | 30,550                             | (41,809)                  | 14                                    | (153)          | 26,725           | 62,082        | 1,331                     | 63,413        |
| Net profit  | -   | -                | -                | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | 6,307            | 6,307         | 263                       | 6,570         |
| Other comprehensive income  | -   | -                | -                | -                     | -                                      | -                                  | (6,087)                            | (1,886)                   | (111)                                 | (87)           | -                | (8,171)       | 1                         | (8,170)       |
| <b>Total comprehensive income</b>   | -   | -                | -                | -                     | -                                      | -                                  | (6,087)                            | (1,886)                   | (111)                                 | (87)           | 6,307            | (1,864)       | 264                       | (1,600)       |
| Dividend declared   | -   | -                | -                | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | (2,185)          | (2,185)       | -                         | (2,185)       |
| Appropriation to surplus reserves   | -   | -                | 255              | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | (255)            | -             | -                         | -             |
| Appropriation to general risk reserves  | -   | -                | -                | 1,133                 | -                                      | -                                  | -                                  | -                         | -                                     | -              | (1,133)          | -             | -                         | -             |
| Appropriation to nuclear catastrophic loss reserves   | -   | -                | -                | -                     | -                                      | 17                                 | -                                  | -                         | -                                     | -              | (17)             | -             | -                         | -             |
| Transfer of gains/(losses) on disposal of equity investments at fair value through other comprehensive income to retained profits | -   | -                | -                | -                     | -                                      | -                                  | (1,465)                            | 1,412                     | -                                     | -              | 53               | -             | -                         | -             |
| Dividends to non-controlling interests  | -   | -                | -                | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | -                | -             | (60)                      | (60)          |
| Other equity instruments issued by a subsidiary   | -   | -                | -                | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | -                | -             | 5,000                     | 5,000         |
| Others  | -   | 168              | -                | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | -                | 168           | 1                         | 169           |
| <b>As at 31 December 2025</b>   | <b>11,502</b>                               | <b>26,047</b>    | <b>2,074</b>     | <b>8,602</b>          | <b>57</b>                              | <b>46</b>                          | <b>22,998</b>                      | <b>(42,283)</b>           | <b>(97)</b>                           | <b>(240)</b>   | <b>29,495</b>    | <b>58,201</b> | <b>6,536</b>              | <b>64,737</b> |

Attributable to equity owners of the parent

|   | Reserves      |                  |                  |                       |  |                                    |                                    |                           |                                       |                |                  |               | Non-controlling interests | Total equity  |
|---|---------------|------------------|------------------|-----------------------|--|------------------------------------|------------------------------------|---------------------------|---------------------------------------|----------------|------------------|---------------|---------------------------|---------------|
|   | 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      |                           |               |
| <b>As at 1 January 2024</b>   | <u>11,502</u> | <u>25,897</u>    | <u>1,557</u>     | <u>6,404</u>          | <u>57</u>                              | <u>20</u>                          | <u>6,178</u>                       | <u>(15,024)</u>           | <u>143</u>                            | <u>(164)</u>   | <u>23,876</u>    | <u>60,446</u> | <u>1,343</u>              | <u>61,789</u> |
| Net profit  | -             | -                | -                | -                     | -                                      | -                                  | -                                  | -                         | -                                     | -              | 5,449            | 5,449         | 91                        | 5,540         |
| Other comprehensive income  | -             | -                | -                | -                     | -                                      | -                                  | 25,178                             | (26,785)                  | (129)                                 | 11             | -                | (1,725)       | 4                         | (1,721)       |
| <b>Total comprehensive income</b>   | <u>-</u>      | <u>-</u>         | <u>-</u>         | <u>-</u>              | <u>-</u>                               | <u>-</u>                           | <u>25,178</u>                      | <u>(26,785)</u>           | <u>(129)</u>                          | <u>11</u>      | <u>5,449</u>     | <u>3,724</u>  | <u>95</u>                 | <u>3,819</u>  |
| 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)          |
| <b>As at 31 December 2024</b>   | <u>11,502</u> | <u>25,879</u>    | <u>1,819</u>     | <u>7,469</u>          | <u>57</u>                              | <u>29</u>                          | <u>30,550</u>                      | <u>(41,809)</u>           | <u>14</u>                             | <u>(153)</u>   | <u>26,725</u>    | <u>62,082</u> | <u>1,331</u>              | <u>63,413</u> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(All amounts expressed in RMB million unless otherwise specified)

|   | Note | 2025                   | 2024                   |
|---|------|------------------------|------------------------|
| <b>Net cash inflows from operating activities</b>                                     |      | <b><u>64,316</u></b>   | <b><u>32,603</u></b>   |
| <b>Cash flows from investing activities</b>   |      |                        |                        |
| Purchases of property and equipment, intangible assets and other assets               |      | (635)                  | (602)                  |
| Proceeds from disposals of property and equipment, intangible assets and other assets |      | 218                    | 14                     |
| Purchases of investments  |      | (252,964)              | (301,209)              |
| Proceeds from disposals of investments  |      | 171,900                | 246,865                |
| Interest received   |      | 19,537                 | 17,318                 |
| Dividends received  |      | 495                    | 328                    |
| Others  |      | (214)                  | (332)                  |
| <b>Net cash outflows from investing activities</b>                                    |      | <b><u>(61,663)</u></b> | <b><u>(37,618)</u></b> |
| <b>Cash flows from financing activities</b>   |      |                        |                        |
| Increase/(decrease) in securities sold under agreements to repurchase, net            |      | 4,721                  | (6,714)                |
| Proceeds from issuance of asset-backed securities                                     |      | 2,750                  | 2,750                  |
| Repayment of asset-backed securities  |      | (2,750)                | (2,430)                |
| Capital injected into subsidiaries by non-controlling interests                       |      | 5,000                  | –                      |
| Interest paid   |      | (949)                  | (907)                  |
| Dividends paid  |      | (1,993)                | (1,919)                |
| Payment of principal portion of lease liabilities                                     |      | (328)                  | (498)                  |
| Others  |      | (55)                   | 34                     |
| <b>Net cash inflows/(outflows) from financing activities</b>                          |      | <b><u>6,396</u></b>    | <b><u>(9,684)</u></b>  |
| <b>Effects of foreign exchange rate changes</b>                                       |      | <b><u>(60)</u></b>     | <b><u>9</u></b>        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                           |      | <b><u>8,989</u></b>    | <b><u>(14,690)</u></b> |
| Cash and cash equivalents at the beginning of the year                                |      | <u>12,005</u>          | <u>26,695</u>          |
| <b>Cash and cash equivalents at the end of the year</b>                               |      | <b><u>20,994</u></b>   | <b><u>12,005</u></b>   |
| <b>Analysis of balances of cash and cash equivalents</b>                              |      |                        |                        |
| Cash at bank and on hand  |      | 15,372                 | 6,706                  |
| Investments with an initial term within 3 months                                      |      | <u>5,622</u>           | <u>5,299</u>           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in RMB million unless otherwise specified)

### 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 2025. 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.

| <b>Standards/Amendments</b> | <b>Content</b>                 |
|-----------------------------|--------------------------------|
| Amendments to IAS 21        | <i>Lack of Exchangeability</i> |

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 2025.

(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.

| <b>Standards/Amendments</b>                                | <b>Content</b>  |
|--|---|
| IFRS 18  | <i>Presentation and Disclosure in Financial Statements<sup>(i)</sup></i>                                    |
| IFRS 19 and its amendments                                 | <i>Subsidiaries without Public Accountability: Disclosures<sup>(i)</sup></i>                                |
| Amendments to IFRS 9 and IFRS 7                            | <i>Amendments to the Classification and Measurement of Financial Instruments<sup>(ii)</sup></i>             |
| Amendments to IFRS 10 and IAS 28                           | <i>Sale or Contribution of Assets between an Investor or its Associate or Joint Venture<sup>(iii)</sup></i> |
| Amendments to IAS 21                                       | <i>Translation to a Hyperinflationary Presentation Currency<sup>(i)</sup></i>                               |
| Annual Improvements to IFRS Accounting Standards–Volume 11 | <i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>(ii)</sup></i>                               |

(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

*IFRS 18*

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

These amendments are not expected to have any significant impact on the Group's financial statements.

## 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 designates 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 increases 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 2025 and for the year then ended is as follows:

|   | Property and casualty insurance |                 |                 | Subtotal        | Other businesses and elimination | Total           |
|---|---------------------------------|-----------------|-----------------|-----------------|----------------------------------|-----------------|
|   | Life insurance                  | Sunshine P&C    | Sunshine Surety |                 |                                  |                 |
| Insurance revenue   | 16,636                          | 48,331          | 105             | 48,436          | (6)                              | 65,066          |
| Interest income   | 9,047                           | 733             | 23              | 756             | 173                              | 9,976           |
| Investment income   | 13,405                          | 1,927           | 2               | 1,929           | 854                              | 16,188          |
| Share of profits and losses of associates and joint ventures        | 962                             | 219             | –               | 219             | (478)                            | 703             |
| Other income  | 262                             | 122             | 3               | 125             | 2,491                            | 2,878           |
| <b>Total revenues</b>   | <b>40,312</b>                   | <b>51,332</b>   | <b>133</b>      | <b>51,465</b>   | <b>3,034</b>                     | <b>94,811</b>   |
| Insurance service expenses  | (11,586)                        | (48,821)        | (179)           | (49,000)        | 25                               | (60,561)        |
| Allocation of reinsurance premiums paid                             | (665)                           | (1,242)         | –               | (1,242)         | 18                               | (1,889)         |
| Less: Amount recovered from reinsurers                              | 512                             | 1,201           | 20              | 1,221           | (7)                              | 1,726           |
| Net insurance finance expenses for insurance contracts issued       | (16,176)                        | (514)           | –               | (514)           | (466)                            | (17,156)        |
| Less: Net reinsurance finance income for reinsurance contracts held | 27                              | 49              | –               | 49              | –                                | 76              |
| Expected credit losses  | (1,336)                         | (249)           | –               | (249)           | (20)                             | (1,605)         |
| Finance costs   | (805)                           | (254)           | –               | (254)           | (17)                             | (1,076)         |
| Other operating and administrative expenses                         | (3,831)                         | (1,190)         | (7)             | (1,197)         | (2,192)                          | (7,220)         |
| <b>Total expenses</b>   | <b>(33,860)</b>                 | <b>(51,020)</b> | <b>(166)</b>    | <b>(51,186)</b> | <b>(2,659)</b>                   | <b>(87,705)</b> |
| <b>Profit/(loss) before tax</b>                                     | <b>6,452</b>                    | <b>312</b>      | <b>(33)</b>     | <b>279</b>      | <b>375</b>                       | <b>7,106</b>    |
| Income tax  | (255)                           | 1               | (3)             | (2)             | (279)                            | (536)           |
| <b>Net profit</b>   | <b>6,197</b>                    | <b>313</b>      | <b>(36)</b>     | <b>277</b>      | <b>96</b>                        | <b>6,570</b>    |

|                     | <u>Property and casualty insurance</u> |               |                 | Subtotal      | Other businesses and elimination | Total          |
|---------------------|--|---------------|-----------------|---------------|----------------------------------|----------------|
|                     | Life insurance                         | Sunshine P&C  | Sunshine Surety |               |                                  |                |
| Segment assets      | <u>595,172</u>                         | <u>58,562</u> | <u>1,397</u>    | <u>59,959</u> | <u>18,208</u>                    | <u>673,339</u> |
| Segment liabilities | <u>556,161</u>                         | <u>44,017</u> | <u>81</u>       | <u>44,098</u> | <u>8,343</u>                     | <u>608,602</u> |

Other segment information for the year ended 31 December 2025:

|                               | <u>Property and casualty insurance</u> |              |                 | Subtotal   | Other businesses and elimination | Total      |
|-------------------------------|--|--------------|-----------------|------------|----------------------------------|------------|
|                               | Life insurance                         | Sunshine P&C | Sunshine Surety |            |                                  |            |
| Depreciation and amortisation | 418                                    | 359          | 2               | 361        | 879                              | 1,658      |
| Capital expenditure           | <u>61</u>                              | <u>114</u>   | <u>-</u>        | <u>114</u> | <u>582</u>                       | <u>757</u> |

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

|   | <u>Property and casualty insurance</u> |                 |                    | Subtotal        | Other<br>businesses<br>and<br>elimination | Total           |
|---|--|-----------------|--------------------|-----------------|---|-----------------|
|   | Life<br>insurance                      | Sunshine<br>P&C | Sunshine<br>Surety |                 |   |                 |
| 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<br>associates and joint ventures           | 742                                    | 129             | –                  | 129             | (377)                                     | 494             |
| Other income  | <u>376</u>                             | <u>160</u>      | <u>3</u>           | <u>163</u>      | <u>2,557</u>                              | <u>3,096</u>    |
| <b>Total revenues</b>   | <u>36,681</u>                          | <u>50,206</u>   | <u>53</u>          | <u>50,259</u>   | <u>3,330</u>                              | <u>90,270</u>   |
| Insurance service expenses  | (10,939)                               | (47,334)        | (221)              | (47,555)        | –   | (58,494)        |
| Allocation of reinsurance<br>premiums paid                                | (727)                                  | (1,179)         | (1)                | (1,180)         | –   | (1,907)         |
| Less: Amount recovered from<br>reinsurers                                 | 765                                    | 1,014           | 1                  | 1,015           | –   | 1,780           |
| Net insurance finance expenses for<br>insurance contracts issued          | (10,588)                               | (736)           | (2)                | (738)           | (535)                                     | (11,861)        |
| Less: Net reinsurance finance<br>income for reinsurance<br>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<br>expenses                            | <u>(4,077)</u>                         | <u>(1,004)</u>  | <u>(3)</u>         | <u>(1,007)</u>  | <u>(3,038)</u>                            | <u>(8,122)</u>  |
| <b>Total expenses</b>   | <u>(28,426)</u>                        | <u>(49,783)</u> | <u>(227)</u>       | <u>(50,010)</u> | <u>(3,729)</u>                            | <u>(82,165)</u> |
| <b>Profit/(loss) before tax</b>   | 8,255                                  | 423             | (174)              | 249             | (399)                                     | 8,105           |
| Income tax  | <u>(2,542)</u>                         | <u>191</u>      | <u>7</u>           | <u>198</u>      | <u>(221)</u>                              | <u>(2,565)</u>  |
| <b>Net profit</b>   | <u>5,713</u>                           | <u>614</u>      | <u>(167)</u>       | <u>447</u>      | <u>(620)</u>                              | <u>5,540</u>    |

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

Other segment information for the year ended 31 December 2024:

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

#### 4 INSURANCE REVENUE

|   | 2025                 | 2024          |
|---|----------------------|---------------|
| <b>Insurance contracts not measured under the premium allocation approach</b>     |                      |               |
| Insurance revenue relating to the changes in the liability for remaining coverage |                      |               |
| Amortisation of contractual service margin  | <b>4,709</b>         | 4,056         |
| Change in the risk adjustment for non-financial risk                              | <b>630</b>           | 616           |
| Expected insurance service expenses incurred in the year                          | <b>6,054</b>         | 5,899         |
| Amortisation of insurance acquisition cash flows                                  | <u><b>7,965</b></u>  | <u>8,043</u>  |
| Subtotal  | <u><b>19,358</b></u> | <u>18,614</u> |
| <b>Insurance contracts measured under the premium allocation approach</b>         | <u><b>45,708</b></u> | <u>45,390</u> |
| <b>Total</b>  | <u><b>65,066</b></u> | <u>64,004</u> |
| <b>Of which:</b>  |                      |               |
| Contracts under the modified retrospective approach                               | <b>8,997</b>         | 9,405         |
| Other contracts   | <u><b>56,069</b></u> | <u>54,599</u> |

## 5 INVESTMENT INCOME

|   | 2025       | 2024       |
|---|------------|------------|
| Interest and dividend income (a)                  | 8,784      | 8,687      |
| Realised gains/(losses),net (b)                   | 3,606      | 2,017      |
| Unrealised gains/(losses),net (c)                 | 3,481      | 2,111      |
| Operating lease income from investment properties | <u>317</u> | <u>319</u> |

|              |                      |                      |
|--------------|----------------------|----------------------|
| <b>Total</b> | <b><u>16,188</u></b> | <b><u>13,134</u></b> |
|--------------|----------------------|----------------------|

### (a) Interest and dividend income

|                           | 2025       | 2024       |
|---------------------------|------------|------------|
| Bonds                     | 1,347      | 1,181      |
| Debt investment schemes   | 482        | 536        |
| Funds                     | 1,344      | 2,290      |
| Equity securities         | 4,620      | 3,776      |
| Equity investment schemes | 170        | 169        |
| Others                    | <u>821</u> | <u>735</u> |

|              |                     |                     |
|--------------|---------------------|---------------------|
| <b>Total</b> | <b><u>8,784</u></b> | <b><u>8,687</u></b> |
|--------------|---------------------|---------------------|

### (b) Realised gains/(losses), net

|                   | 2025        | 2024        |
|-------------------|-------------|-------------|
| Bonds             | 973         | 5,956       |
| Funds             | (1,539)     | (2,863)     |
| Equity securities | 4,202       | (1,002)     |
| Others            | <u>(30)</u> | <u>(74)</u> |

|              |                     |                     |
|--------------|---------------------|---------------------|
| <b>Total</b> | <b><u>3,606</u></b> | <b><u>2,017</u></b> |
|--------------|---------------------|---------------------|

(c) **Unrealised gains/(losses), net**

|  | 2025                | 2024                |
|--|---------------------|---------------------|
| Bonds  | (1,069)             | 1,211               |
| Funds  | 1,764               | 1,423               |
| Equity securities  | 3,295               | 2,543               |
| Others   | (53)                | (2,749)             |
|  | <u>3,937</u>        | <u>2,428</u>        |
| Financial assets at fair value through profit or loss      |                     |                     |
| Financial liabilities at fair value through profit or loss | (456)               | (317)               |
|  | <u>3,481</u>        | <u>2,111</u>        |
| <b>Total</b>   | <b><u>3,481</u></b> | <b><u>2,111</u></b> |

**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:**

|                     | 2025              | 2024                |
|---------------------|-------------------|---------------------|
| Current income tax  | 431               | 135                 |
| Deferred income tax | 105               | 2,430               |
|                     | <u>536</u>        | <u>2,565</u>        |
| <b>Total</b>        | <b><u>536</u></b> | <b><u>2,565</u></b> |

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

|   | 2025              | 2024                |
|---|-------------------|---------------------|
| Profit before income tax                                  | 7,106             | 8,105               |
| Tax computed at the statutory tax rate                    | 1,776             | 2,026               |
| Non-taxable income  | (2,562)           | (2,491)             |
| Expenses not deductible for tax purposes                  | 53                | 56                  |
| Adjustments in respect of current tax of previous periods | 156               | (36)                |
| Others  | 1,113             | 3,010               |
|   | <u>1,113</u>      | <u>3,010</u>        |
| <b>Income tax at the effective tax rate</b>               | <b><u>536</u></b> | <b><u>2,565</u></b> |

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:

|   | 2025           | 2024           |
|---|----------------|----------------|
| Consolidated net profit attributable to equity owners of the parent ( <i>in RMB million</i> ) | 6,307          | 5,449          |
| Weighted average number of ordinary shares in issue ( <i>in million shares</i> )              | 11,502         | 11,502         |
| Basic earnings per share  | RMB0.55        | RMB0.47        |
| Diluted earnings per share  | <u>RMB0.55</u> | <u>RMB0.47</u> |

## 8 DIVIDENDS

|  | 2025     | 2024         |
|--|----------|--------------|
| Dividends recognised as distributions during the year: |          |              |
| 2024 final dividend – RMB0.19 per ordinary share       | 2,185    | –            |
| 2023 final dividend – RMB0.18 per ordinary share       | <u>–</u> | <u>2,070</u> |

## 9 FINANCIAL ASSETS AT AMORTISED COST

|  | 31 December<br>2025 | 31 December<br>2024 |
|--|---------------------|---------------------|
| Unlisted                               |                     |                     |
| Debt investment schemes                | 2,115               | 501                 |
| Trust schemes                          | <u>5,999</u>        | <u>1,912</u>        |
| <b>Subtotal</b>                        | <u>8,114</u>        | <u>2,413</u>        |
| Less: Provisions for impairment losses | <u>(6)</u>          | <u>(2)</u>          |
| <b>Total</b>                           | <u><u>8,108</u></u> | <u><u>2,411</u></u> |

## 10 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<br>2025  | 31 December<br>2024  |
|-----------------------|------------|----------|-------------------------|---------------|----------------------|----------------------|
| Sunshine P&C          | 2021/12/7  | 10 years | End of the fifth year   | 4.5%-5.5%     | 4,999                | 4,999                |
| Sunshine Life         | 2016/4/20  | 10 years | None                    | 4.5%          | 2,119                | 2,163                |
| Sunshine Life         | 2021/3/30  | 10 years | End of the fifth year   | 4.4%-5.4%     | 5,114                | 5,088                |
| Sunshine Life         | 2023/12/12 | 10 years | End of the fifth year   | 3.88%-4.88%   | <u>7,065</u>         | <u>7,032</u>         |
| Subtotal              |            |          |                         |               | 19,297               | 19,282               |
| Add: Accrued interest |            |          |                         |               | <u>225</u>           | <u>225</u>           |
| <b>Total</b>          |            |          |                         |               | <u><u>19,522</u></u> | <u><u>19,507</u></u> |

## 11 SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

|       | <b>31 December<br/>2025</b> | 31 December<br>2024 |
|-------|-----------------------------|---------------------|
| Bonds | <u><b>27,661</b></u>        | <u>22,939</u>       |

As at 31 December 2025, bonds with par value of RMB34,724 million (31 December 2024: RMB28,860 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.

## 12 EVENTS AFTER THE REPORTING PERIOD

### **Profit distribution**

On 16 March 2026, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2025 and declared a final cash dividend of 2025 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 2025, the Company proactively responded to the new landscape and new changes through scientific analysis and decisive action, and comprehensively promoted cost reduction and efficiency enhancement alongside core capability building. The Company solidly advanced the in-depth implementation of the “New Sunshine Strategy”, thereby achieving steady and balanced growth in overall operations. By excelling in the “five priorities” in the financial sector, the Company continuously strengthened its capacity to serve national strategies and fulfill its social responsibilities. As a result, the foundation for the Company’s high-quality development was further consolidated, and its comprehensive development capabilities were elevated across the board.

**In terms of value creation capabilities**, the Company further optimized its resource allocation structure through cost reduction and efficiency enhancement, effectively enhancing its operational resilience against market fluctuations and strengthening its capabilities for sustainable development. By focusing on profit source management and asset-liability matching, Sunshine Life solidly advanced the management of the “three margins”, committed to the coordinated advancement of multiple business lines, deepened the implementation of the “One Body, Two Wings” strategy, continuously optimized the product structure, and accelerated the transformation of the sales team. Through leveraging the “Mortality Table Project” as the key focus, Sunshine P&C constantly improved the capabilities in risk pricing, resource allocation, and cost management, and continuously consolidated the foundation for sustainable development. Adhering to the philosophy of long-term value investment, Sunshine AMC remained committed to asset-liability linkage as the core principle. By continuously optimizing its investment portfolio structure and steadily enhancing its ability to achieve scientific matching and dynamic coordination between assets and liabilities, the Company strived to generate stable returns that can withstand market cycles. Meanwhile, it leveraged the characteristics and advantages of insurance funds as “patient capital”, closely aligning with the strategic direction of the “15th Five-Year Plan”, and excelling in the “five priorities” in the financial sector.

**In terms of customer management capabilities**, the Company always upheld the “people-centered” value orientation, conducting in-depth, tiered and categorized research of customer needs in order to precisely capture the evolving needs of customers throughout their entire life cycle and deliver products and services better tailored to their requirements and offering greater value. Sunshine Life focused on the needs of the silver-haired demographic, innovatively launching a series of 12 silver economy products under the “Good Life” banner. These products achieved breakthroughs in product design, age limits, payout methods, and supporting services. The Sunshine home-based elderly care services were also comprehensively upgraded, tangibly enhancing senior citizens’ sense of fulfillment, happiness, and security. Sunshine P&C launched the “Claims Service Robot” for the auto insurance, enabling 24/7 online response, intelligent guidance, and end-to-end process companionship, significantly improving the claims service experience of auto insurance customers. The “Partnership Action” risk management service was further deepened, with exclusive services expanded to cover the onshore wind power industry, thereby further enhancing the quality and capability of risk services.

**In terms of scientific and technological innovation capabilities**, the Company steadfastly focused on the strategic goal of building “Technological Sunshine” with data intelligence, took the “Robotics Engineering” and “Data Engineering” initiatives as the core drivers, and strove to cultivate new quality productive forces in insurance with Sunshine characteristics. In terms of “Robot Project”, we formulated a comprehensive “Robotics Engineering Blueprint”. Focusing on 12 business segments across three core areas — sales, service, and management — we deeply advanced the implementation of our “AI+” strategy. A host of key AI applications were deployed and delivered tangible results, significantly enhancing user experience while achieving cost reduction, efficiency gains, and upgrades in operational management. In terms of “Data Engineering”, we innovatively constructed a “siphon-effect” database, connecting the entire process chain of data collection, analysis, and application, enabling a self-driven, closed-loop data operation, truly turning data into a “living source of water” that fuels business development. By focusing on uncovering data value across the entire customer life cycle, we promoted deep, scenario-based applications, helping to unlock the large-scale release of data value.

## **(I) Results of operations**

In 2025, the Company achieved steady progress in operation with continuously enhanced value creation. The gross written premiums (“GWPs”) were RMB150.72 billion, representing a year-on-year increase of 17.4%, and the insurance revenue reached RMB65.07 billion, representing a year-on-year increase of 1.7%. The net profit attributable to equity owners of the parent was RMB6.31 billion, representing a year-on-year increase of 15.7%. The embedded value of the Group was RMB120.78 billion, up 4.3% from the end of the previous year. As at the end of December 2025, the Group had 29.828 million active customers<sup>(1)</sup>.

***The life insurance<sup>(2)</sup> business grew steadily, with value growth and structure optimization advancing in tandem, significantly enhancing capabilities for high-quality development and resilience.***

- The GWPs were RMB102.61 billion, representing a year-on-year increase of 27.5%; the value of new business was RMB7.64 billion, representing a year-on-year increase of 48.2%;
- Contractual service margin was RMB57.62 billion, up 13.3% from the end of the previous year;

*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.

*Note 2:* Life insurance business refers to the business of Sunshine Life.

- By pursuing coordinated development across multiple business lines, we sharpened our capacity to address diverse customer needs. Strengthened asset-liability management underpinned steady growth in value and profits, further consolidating our profit base. Continuously optimizing the product mix, effectively lowering liability cost, and narrowing the duration gap from the prior year-end have significantly boosted resilience. Meanwhile, refined operations management enabled the orderly reduction of operating costs alongside continuous efficiency gains;
- The transformation of sales teams yielded initial results. The educational profile of traditional sales teams continued to optimize, and the elite sales-force achieved steady growth in active personnel while maintaining a high productivity level.

***The property and casualty insurance<sup>(1)</sup> business maintained growth with continuous structural optimization.***

- The original premium income (OPI) was RMB47.89 billion, representing a year-on-year increase of 0.1%;
- The proportion of non-automobile insurance premiums was 46.1%, representing a year-on-year increase of 1.9 percentage points; the proportion of household auto premiums to the automobile insurance was 67.2%, representing a year-on-year increase of 2.6 percentage points;
- The underwriting combined ratio<sup>(2)</sup> was 102.1%, and the underwriting loss was RMB1.03 billion. Among them, the underwriting combined ratio excluding guarantee insurance was 98.9% and the underwriting profit was RMB0.49 billion; the underwriting combined ratio of guarantee insurance was 129.0%, and the underwriting loss was RMB1.51 billion, which was mainly due to the Company's decision to cease underwriting new financing-type guarantee insurance business starting from 2026 and strengthen the reserves based on prudential considerations, in response to changes in the market environment and requirements of macroeconomic policy regulation.

*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 adhered to the long-term investment strategy and navigated market cycles with stability.*

- We adhered to the principles of long-term value investment, focused on integrated asset-liability management, and leveraged the characteristics of patient capital. Strategically, we maintained firm resolve and reinforced core portfolio holdings; tactically, we assessed market trends and optimized asset allocation, striving to achieve stable, long-term investment returns through market cycles. The Group's total investment assets reached RMB640.20 billion and the total investment income amounted to RMB25.23 billion, while the comprehensive investment income reached RMB32.44 billion, with the total investment yield of 4.8% and the comprehensive investment yield of 6.1%;
- Remaining guided by market demand and leveraging investment products and services as key drivers, we actively participated in market competition through new strategies, new models, and new products. We refined our customer service and strengthened the export of integrated asset management capabilities, thereby promoting the steady growth of our third-party business. The third-party AUM of Sunshine AMC amounted to RMB225.94 billion.

*We fulfilled our responsibilities to jointly build a sustainable future.*

- We served national strategies and supported economic development. In 2025, we provided RMB58 trillion in risk coverage for the real economy, with an investment balance exceeding RMB500 billion. We continued to strengthen risk protection for micro, small and medium-sized enterprises (MSMEs) as well as individual industrial and commercial households, delivering nearly RMB15 trillion in inclusive MSME coverage, effectively alleviating difficulties and empowering development for various market entities. We wholeheartedly supported Rural Revitalization through providing a total of RMB147.5 billion in agricultural insurance, agriculture-related insurance, and personal insurance for rural populations, thereby safeguarding food security, boosting rural industries and protecting farmers' health and wellbeing. We further deepened inclusive protection, by expanding the supply of inclusive insurance products and improving service precision. We provided RMB25 trillion in inclusive protection for specific demographic groups including elderly populations, persons with disabilities, new urban residents, and employees involved in new business forms, with approximately RMB9.9 billion in claims paid. In serving the high-standard opening up, we provided risk coverage of RMB130.3 billion for 641 "Belt and Road Initiative" projects. We also strengthened our role in tech finance, continuously enhancing insurance coverage for scientific research, the commercialization of achievements, and the broader adoption of innovations, and safeguarding the development of new quality productive forces, with RMB46.9 billion in risk protection provided for entities engaged in science and technology activities.

- We actively engaged in public welfare to co-create a harmonious society. By fully leveraging the advantages of insurance and healthcare resources, we actively organized and participated in public welfare initiatives including education aid, elderly support, and poverty relief. In 2025, we mobilized 10,673 volunteers, with a total of 25,931 hours for voluntary service. As of the end of 2025, we built 78 “Universal Love (博愛)” schools in 25 provinces across the country, and trained a total of 24,036 rural doctors through the continuous promotion of the “Plan to Promote Competence of 10,000 Rural Doctors (萬名村醫能力提升計劃)”. We genuinely cared for our employees and agents, disbursing a cumulative amount of RMB680 million paid for parent-supporting subsidies and benefiting more than 70,000 parents of employees.
- We promoted green transition and implemented low-carbon operations. Closely following the policy trends and development trajectory of green finance, we harnessed the dual engines of insurance and investment to seize opportunities in green development. We continuously advanced the growth of green insurance businesses in areas such as environmental protection, climate change, and green industries and technologies. In 2025, we provided nearly RMB15 trillion in green insurance coverage for 6.71 million corporate and individual clients, with claim payments totaling approximately RMB6.1 billion. We increased investment efforts to support green industry development and green transition, with our sustainable investment balance exceeding RMB66 billion, of which over RMB23 billion was directed toward green investments. We integrated climate change into our comprehensive risk management framework to systematically assess and address climate-related risks and opportunities. We completed Scope 3 carbon emissions inventory and statistics, consolidating the data foundation for carbon management. In daily operations, we continued to strengthen workplace energy conservation and emission reduction, conducted extensive promotions on green office practices, and guided all employees to uphold environmental protection concepts. By deepening digital applications and expanding the reach of online services, we effectively reduced operational energy consumption, taking concrete actions to advance our low-carbon transition in operation and contribute to sustainable development.

## (II) Key financial indicators

*Unit: RMB in millions, except for percentages*

|   | <b>December 31,<br/>2025/January-<br/>December 2025</b> | December 31,<br>2024/January-<br>December 2024 | Increase/<br>decrease |
|---|---|--|-----------------------|
| Total assets  | <b>673,339</b>  | 581,790  | 15.7%                 |
| Total liabilities   | <b>608,602</b>  | 518,377  | 17.4%                 |
| Total equity  | <b>64,737</b>   | 63,413   | 2.1%                  |
| Equity attributable to owners of the<br>parent            | <b>58,201</b>   | 62,082   | (6.3%)                |
| Total revenues  | <b>94,811</b>   | 90,270   | 5.0%                  |
| Net profit  | <b>6,570</b>  | 5,540  | 18.6%                 |
| Net profit attributable to equity owners<br>of the parent | <b>6,307</b>  | 5,449  | 15.7%                 |
| Earnings per share (RMB/share) <sup>(1)</sup>             | <b>0.55</b>   | 0.47   | 15.7%                 |
| Weighted average return on equity <sup>(2)</sup>          | <b>10.5%</b>  | 8.9%   | 1.6pt                 |

*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,<br>2025/January-<br>December 2025 | December 31,<br>2024/January-<br>December 2024 | Increase/<br>decrease |
|---|--|--|-----------------------|
| <b>The Group</b>  |  |  |                       |
| Insurance revenue   | 65,066   | 64,004   | 1.7%                  |
| Insurance service expenses  | 60,561   | 58,494   | 3.5%                  |
| Investment assets   | 640,195  | 548,579  | 16.7%                 |
| Net investment yield <sup>(1) (4)</sup>   | 3.7%   | 4.2%   | (0.5pt)               |
| Total investment yield <sup>(2) (4)</sup>   | 4.8%   | 4.3%   | 0.5pt                 |
| Comprehensive investment yield <sup>(3) (4)</sup>                                 | 6.1%   | 6.5%   | (0.4pt)               |
| <b>Sunshine Life</b>  |  |  |                       |
| Insurance revenue   | 16,636   | 15,742   | 5.7%                  |
| Insurance service expenses  | 11,586   | 10,939   | 5.9%                  |
| Contractual service margin  | 57,617   | 50,854   | 13.3%                 |
| <b>Sunshine P&amp;C</b>   |  |  |                       |
| Insurance revenue   | 48,331   | 48,243   | 0.2%                  |
| Insurance service expenses  | 48,821   | 47,334   | 3.1%                  |
| Underwriting combined ratio <sup>(5)</sup>  | 102.1%   | 99.7%  | 2.4pt                 |
| Underwriting combined ratio<br>(excluding guarantee insurance) <sup>(5) (6)</sup> | <u>98.9%</u>                                   | <u>99.9%</u>                                   | <u>(1.0pt)</u>        |

*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 negative RMB14,928 million changes in the fair value of debt instruments at fair value through other comprehensive income for Sunshine Life in 2025.

*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.

*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.

*Note 6:* In response to changes in the market environment and the requirements of macroeconomic policy regulation, the Company decided to cease underwriting new financing-type guarantee insurance business starting from 2026 and strengthen the reserves based on prudential considerations.

*Unit: RMB in millions, except for percentages*

|   | <b>December 31,<br/>2025/January-<br/>December 2025</b> | December 31,<br>2024/January-<br>December 2024 | Increase/<br>decrease |
|---|---|--|-----------------------|
| Embedded value of the Group                         | <b>120,780</b>  | 115,758  | 4.3%                  |
| Sunshine Life's value of one year's new<br>business | <b>7,638</b>  | 5,153  | 48.2%                 |
| Comprehensive solvency ratio (%) <sup>(1)</sup>     |   |  |                       |
| –The Group  | <b>196</b>  | 227  | (31pt)                |
| –Sunshine Life                                      | <b>170</b>  | 206  | (36pt)                |
| –Sunshine P&C                                       | <b>237</b>  | 233  | 4pt                   |

*Note 1:* 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                | <b>December 31,<br/>2025</b> | December 31,<br>2024 | Change | Major reasons   |
|------------------------------------|------------------------------|----------------------|--------|---|
| Financial assets at amortised cost | <b>8,108</b>                 | 2,411                | 236.3% | Increase in the allocation of trust schemes and debt investment schemes |
| Term deposits                      | <b>21,904</b>                | 9,917                | 120.9% | Increase in the allocation of term deposits                             |
| Cash at bank and on hand           | <b>15,373</b>                | 6,706                | 129.2% | For liquidity management purposes                                       |

*Unit: RMB in millions, except for percentages*

| Income statement items  | <b>January-<br/>December<br/>2025</b> | January-<br>December<br>2024 | Change  | Major reasons   |
|---|---------------------------------------|------------------------------|---------|---|
| Share of profits and losses of associates and joint ventures  | <b>703</b>                            | 494                          | 42.3%   | Mainly due to the increase in net profit of associates  |
| Net insurance finance expenses for insurance contracts issued | <b>(17,156)</b>                       | (11,861)                     | 44.6%   | Mainly due to the increase in market value of investment assets corresponding to the business measured by the variable fee approach |
| Expected credit losses  | <b>(1,605)</b>                        | (2,377)                      | (32.5%) | Mainly due to the impairment provision of investment assets   |
| Income tax  | <b>(536)</b>                          | (2,565)                      | (79.1%) | Mainly due to the impact of income tax policy implications of the shift in insurance industry accounting standards                  |

## II. ANALYSIS OF ANNUAL RESULTS

### Sunshine Life

#### (I) Business Analysis

In 2025, Sunshine Life adhered to the main focus of high-quality development, continued to deepen the “New Sunshine Strategy”, proactively responded to market changes, strengthened the linkage between assets and liabilities, and improved the level of refined management. As a result, the company’s operational stability was significantly improved, and the value of new business maintained a rapid growth.

In 2025, the GWPs reached RMB102.61 billion, representing a year-on-year increase of 27.5%; the value of new business was RMB7.64 billion, representing a year-on-year increase of 48.2%.

#### 1. Business Operation

In 2025, Sunshine Life further deepened its diversified development strategy, effectively advanced the optimization of product structure, and comprehensively accelerated the transformation and upgrading of the sales team. As a result, the value creation capabilities of each business line steadily improved, laying a solid foundation for the Company’s long-term high-quality development.

*Unit: RMB in millions, except for percentages*

| For the year ended December 31       | 2025           | 2024          | YOY          |
|--------------------------------------|----------------|---------------|--------------|
| <b>Individual insurance business</b> | <b>25,976</b>  | <b>22,873</b> | <b>13.6%</b> |
| First-year premiums                  | 6,046          | 6,543         | (7.6%)       |
| Renewal premiums                     | 19,930         | 16,330        | 22.0%        |
| <b>Bancassurance business</b>        | <b>67,455</b>  | <b>50,029</b> | <b>34.8%</b> |
| First-year premiums                  | 34,087         | 20,175        | 69.0%        |
| Renewal premiums                     | 33,368         | 29,854        | 11.8%        |
| <b>Other business<sup>(1)</sup></b>  | <b>9,180</b>   | <b>7,552</b>  | <b>21.6%</b> |
| <b>GWPs</b>                          | <b>102,611</b> | <b>80,454</b> | <b>27.5%</b> |
| First-year premiums                  | 45,100         | 30,608        | 47.3%        |
| Renewal premiums                     | <u>57,511</u>  | <u>49,846</u> | <u>15.4%</u> |

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

(1) Individual insurance business

The individual insurance sector continued to advance “One Body, Two Wings” strategy, and adhered to the differentiated management model. The “One Body” focused on optimizing the quality of traditional sales-force, comprehensively enhancing professional capabilities and accelerating the transformation of the product structure. The “Two Wings” continuously promoted the improvement and optimization of business models to strengthen the momentum of value-driven development. In 2025, the GWPs from the individual insurance business amounted to RMB25.98 billion, a year-on-year growth of 13.6%, of which, the first-year premiums amounted to RMB6.05 billion, with the proportion of products with variable returns and protection-type products exceeding 50%.

In terms of traditional sales-force, we steadily improved team quality by raising the standards for new team development and enhancing the quality and efficiency of recruitment and training system. Meanwhile, we strengthened the team’s customer management capabilities, deepened the penetration and implementation of the “three/five/seven” product system, and empowered the team through AI tools in multiple dimensions such as team training and family policy development. As a result, the team’s sales capabilities for multi-form products and service capabilities were comprehensively improved. In 2025, the productivity per active agent<sup>(1)</sup> amounted to RMB22 thousand, and the productivity per active new agent amounted to RMB18 thousand, both remaining at a high level.

In terms of elite team, we adhered to high-standard planning and requirements, strengthening a cultivation model featuring tiered recruitment, systematic training, and long-term empowerment. This led to a systematic improvement of the team’s comprehensive professional capabilities and overall quality. By deepening the full life-cycle customer management and refining customer group operations, we effectively enhanced the quality of the teams’ activities while maintaining the productivity at a high level. In 2025, the proportion of the elite team with a bachelor’s degree or above was over half, showing a steady upward trend; the average monthly active agents remained stable, and the productivity per agent was over 2 times that of the traditional sales-force.

In terms of worksite marketing, we precisely targeted the pension security needs of corporate client groups, accelerated the expansion of the business model in key regions, and promoted rapid growth of business volume by continuously optimizing the project operation mechanism and improving the professional team cultivation system. In 2025, the GWPs amounted to RMB840 million, representing a year-on-year increase of 59.2%.

*Note 1:* The productivity per active agent of individual insurance refers to the ratio of average monthly first-year standard premiums to average monthly active agents. The monthly active agent of individual insurance refers to the agent who has standard premiums no less than RMB1,000 in that month.

(2) Bancassurance business

The bancassurance sector firmly adhered to the main focus of value-driven development, continuously expanded a multi-channel layout, and actively explored new models of channel cooperation. Relying on the joint construction of a comprehensive ecosystem encompassing products and services, we deepened brand synergy and value integration with banking channels. We also actively promoted the transformation and upgrading of the business structure, and focused on refined channel management and professional team development, thereby achieving steady growth in value contribution. In 2025, the bancassurance business as a whole demonstrated steady growth. The GWPs amounted to RMB67.46 billion, a year-on-year growth of 34.8%, of which, the first-year premiums amounted to RMB34.09 billion, a year-on-year growth of 69.0%. The proportion of products with variable returns in first-year regular premiums was 32.2%, and productivity per active agent<sup>(1)</sup> amounted to RMB148,000, continuously maintaining a high level of production capacity.

(3) Other business

Group insurance, telemarketing, online sales, and brokerage business, on the foundation of consolidating traditional business models, actively cultivated new drivers of business growth in diverse scenarios, continuously expanded multi-dimensional value growth paths, and promoted a steady increase in channel contributions. In 2025, the GWPs from other channels amounted to RMB9.18 billion, a year-on-year increase of 21.6%.

2. *Customer Management*

In 2025, Sunshine Life focused on continuously deepening the implementation of “Caring Sunshine” strategy, launched a special market survey of “Customer Demand Perception Plan”, gained in-depth insights through customer analysis, and enhanced responsiveness of our product and service systems to customer needs, thereby further improving customer satisfaction and experience. As of December 31, 2025, Sunshine Life had 11.59 million active customers. In 2025, the operation of mid-to-high-end customers continued to optimize. The number of customers with in-force policies of first-year standard premiums of RMB150,000 and above increased by 22.6%, and the number of customers with in-force policies of first-year standard premiums of RMB50,000 and above increased by 19.3%.

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

Sunshine Life actively seized the opportunities brought by the new economic cycle and population aging, deeply integrated the “three/five/seven” product system, and remained committed to building a full-life-cycle product system with Sunshine characteristics. Focusing on the core needs of the silver-haired demographic, we launched the “Good Life” series consisting of 12 silver economy products, achieving innovative breakthroughs in product form, eligibility age, benefit payout methods, and supporting services to comprehensively meet the needs of silver-haired customers. We enriched the categories of savings-type products, continuously optimized and upgraded the product portfolio, and accurately matched the diverse wealth management needs of clients in the new economic cycle. We persisted in deeply cultivating the health insurance market, strategically focusing on high-potential markets such as innovative drugs and mid-to-high-end healthcare, broadened the coverage age range of insurance, and actively responded to customers’ increasingly diverse and personalized health protection needs.

Sunshine Life continuously upgraded the construction of its “Caring Sunshine” service system, striving to become a long-term guardian and companion for customers’ better life. In terms of health services, we established a full-cycle, closed-loop management system spanning “prevention-diagnosis-rehabilitation” and innovatively launched the “Sunshine Health Plus & Minus” health service concept. Our “Direct Access 30” full-process medical management service won high recognition and praise from customers. In terms of elderly care services, we built a Sunshine home-based elderly care service ecosystem, utilizing the “Xiaoyang Smart Screen” as the platform. It extended service scenarios from active elderly to semi-disabled and disabled elderly groups, providing customers with three categories of services: home health, home living, and home safety, and covering 232 cities nationwide. In terms of education services, we continued to consolidate brand advantages, forming a dual-engine pattern of “overseas education and domestic academic advancement”, to achieve full coverage of the education service landscape. For service quality management, we launched a service leading engine and established a full-process, closed-loop online data management process covering issuance, usage and evaluation, effectively supporting service quality improvement.

### 3. Product Management

#### (1) Analysis by business type

*Unit: RMB in millions, except for percentages*

| For the year ended December 31 | 2025           | 2024          | YOY          |
|--------------------------------|----------------|---------------|--------------|
| Life insurance                 | <b>91,965</b>  | 69,516        | 32.3%        |
| – Traditional                  | <b>78,939</b>  | 59,097        | 33.6%        |
| – Participating                | <b>12,845</b>  | 10,231        | 25.5%        |
| – Universal                    | <b>181</b>     | 188           | (3.7%)       |
| Accident insurance             | <b>448</b>     | 497           | (9.9%)       |
| Health insurance               | <b>10,198</b>  | 10,441        | (2.3%)       |
| <b>GWPs</b>                    | <b>102,611</b> | <b>80,454</b> | <b>27.5%</b> |

#### (2) Information of the top five products

*Unit: RMB in millions*

| Ranking | Name  | Type                       | GWPs in 2025 | Major sales channel  |
|---------|---|----------------------------|--------------|----------------------|
| 1       | Sunshine Life Insurance Zhen Xin Bei Zhi Whole Life<br>(陽光人壽臻鑫倍致終身壽險)   | Traditional life insurance | 18,894       | Bancassurance        |
| 2       | Sunshine Life Insurance Jin Ji Li D Endowment Insurance (陽光人壽金吉利D款兩全保險) | Traditional life insurance | 15,590       | Bancassurance        |
| 3       | Sunshine Life Insurance Zhen An Bei Zhi Whole Life<br>(陽光人壽臻安倍致終身壽險)    | Traditional life insurance | 7,553        | Bancassurance        |
| 4       | Sunshine Life Insurance Zhen Yue Bei Zhi Whole Life<br>(陽光人壽臻悦倍致終身壽險)   | Traditional life insurance | 5,163        | Bancassurance        |
| 5       | Sunshine Life Insurance Sunshine Rise B Whole Life<br>(陽光人壽陽光升B款終身壽險)   | Traditional life insurance | 4,434        | Individual insurance |

#### 4. Premium Persistency Ratio

| For the year ended December 31                        | 2025        | 2024        | YOY          |
|---|-------------|-------------|--------------|
| 13-month premium persistency ratio (%) <sup>(1)</sup> | 97.1        | 96.9        | 0.2pt        |
| 25-month premium persistency ratio (%) <sup>(2)</sup> | <u>95.5</u> | <u>91.8</u> | <u>3.7pt</u> |

*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 numerator 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 numerator is the premiums from such policies which have remained in force in the giving year.

#### 5. Premiums in the Top Ten Regions

*Unit: RMB in millions, except for percentages*

| For the year ended December 31    | 2025                  | 2024                 | YOY                 |
|-----------------------------------|-----------------------|----------------------|---------------------|
| Zhejiang                          | 7,815                 | 4,652                | 68.0%               |
| Guangdong                         | 7,021                 | 6,146                | 14.2%               |
| Beijing                           | 6,789                 | 4,647                | 46.1%               |
| Shandong                          | 5,294                 | 4,227                | 25.2%               |
| Shenzhen                          | 5,117                 | 4,615                | 10.9%               |
| Chongqing                         | 5,031                 | 4,334                | 16.1%               |
| Hubei                             | 4,680                 | 3,841                | 21.8%               |
| Jiangsu                           | 4,229                 | 2,217                | 90.8%               |
| Shanghai                          | 3,465                 | 2,673                | 29.6%               |
| Anhui                             | 3,371                 | 2,438                | 38.3%               |
| <b>Subtotal</b>                   | <b>52,812</b>         | <b>39,790</b>        | <b>32.7%</b>        |
| <b>Subtotals of other regions</b> | <b>49,799</b>         | <b>40,664</b>        | <b>22.5%</b>        |
| <b>GWPs</b>                       | <b><u>102,611</u></b> | <b><u>80,454</u></b> | <b><u>27.5%</u></b> |

## 6. *Science and Technology Application*

In 2025, Sunshine Life fully advanced the “Technological Sunshine” strategy, by establishing the data intelligence system as the core engine for high-quality development, and comprehensively deepening the integrated application of “AI+” technologies in various business segments and management processes, thereby continuously building a new smart insurance ecosystem. We promoted the implementation of a number of key digital intelligence projects, and achieved remarkable results in sales support, customer experience optimization, operational efficiency improvement and other aspects.

### (1) Sales empowerment

Sunshine Life continuously deepened the application of digital intelligence at the sales front. Driven by AI technology, we systematically reshaped sales processes, improved operational efficiency, and comprehensively promoted the upgrading of the sales-force from a traditional “product-oriented” model to a professional “customer demand-oriented” advisory model. In 2025, we launched the independently developed “AI customer management assistants”, which were capable of responding within seconds and rapidly generating personalized customer management plans that precisely match client needs, significantly boosting customer service responsiveness. To date, they have been deployed on 6 major business platforms and promoted to cover branches nationwide.

We deepened the application of AI technology in customer engagement scenarios, and comprehensively enhanced the intelligent production capabilities of the “Content Center (内容中心)”. Through AI-assisted, efficient content generation, we precisely matched the needs of different sales scenarios. In 2025, AI-generated content accounted for over 50% of the total, solidifying our position as a premier content provider. With cumulative annual content views exceeding 170 million, we further enhanced the specialization of the sales force and strengthened customer trust.

### (2) Customer service

Driven by digital innovation, Sunshine Life continuously built a smarter and more vibrant customer service ecosystem. In 2025, the “My Home Sunshine” APP platform completed the iteration and addition of 46 core functions. Through the in-depth integration of online and offline services, we established a new digital operation and service paradigm of “accurate identification – data empowerment – closed-loop conversion”, achieving an all-around increase in customer voice and engagement. In 2025, the total number of registered users of the “My Home Sunshine” APP exceeded 6.638 million, representing a year-on-year increase of 15%.

We leveraged AI tools to improve service efficiency and optimize customer experience. In 2025, we launched an intelligent agent to handle complaint work orders. Utilizing customer profiles and knowledge bases, it applied large models to achieve an automatic response time within one second and automatically generate auxiliary processing decision suggestions, with processing time per complaint reduced by 3 hours.

(3) Operation and management

Sunshine Life deepened the application of data intelligence to empower refined management and efficient operations. In the field of intelligent underwriting and claims handling risk control, we built a database and a disease library covering the entire policy operation process, integrating 2.6 billion data points across six lines of business. By precisely profiling risks through utilizing big data, we improved the accuracy of underwriting and claims settlement. In terms of smart expense management, we independently developed an expense management robot, by constructing a closed-loop process encompassing “data collection – intelligent monitoring – AI analysis – mobile access – feedback optimization” through leveraging large models, which effectively solved the pain points of data fragmentation and insufficient management precision, thereby significantly improving the efficiency of expense resource allocation and investment returns.

**(II) Profit Source Analysis**

*Unit: RMB in millions, except for percentages*

| For the year ended December 31                    | 2025                | 2024         | YOY         |
|---|---------------------|--------------|-------------|
| <b>Insurance service results</b>                  | <b>4,897</b>        | 4,841        | 1.2%        |
| Including: Insurance revenue                      | <b>16,636</b>       | 15,742       | 5.7%        |
| Insurance service expenses                        | <b>(11,586)</b>     | (10,939)     | 5.9%        |
| <b>Investment results</b>                         | <b>5,037</b>        | 6,727        | (25.1%)     |
| Including: Total investment income <sup>(1)</sup> | <b>21,186</b>       | 17,249       | 22.8%       |
| <b>Others<sup>(2)</sup></b>                       | <b>(3,737)</b>      | (5,855)      | (36.2%)     |
| <b>Net profit</b>                                 | <b><u>6,197</u></b> | <u>5,713</u> | <u>8.5%</u> |

*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:* Others include other income, finance costs, other operating and administrative expenses and income tax.

### *Insurance revenue*

In 2025, insurance revenue from Sunshine Life amounted to RMB16,636 million, representing a year-on-year increase of 5.7%, primarily due to the expansion of business volume. Among them, the contractual service margin (CSM) release was RMB4,709 million, and the non-financial risk adjustment release was RMB420 million.

*Unit: RMB in millions, except for percentages*

| For the year ended December 31  | 2025          | 2024          | YOY            |
|---------------------------------|---------------|---------------|----------------|
| <b>Insurance revenue</b>        | <b>16,636</b> | <b>15,742</b> | <b>5.7%</b>    |
| Non-premium allocation approach | 15,114        | 14,036        | 7.7%           |
| Premium allocation approach     | <u>1,522</u>  | <u>1,706</u>  | <u>(10.8%)</u> |

### *Insurance service expenses*

In 2025, the insurance service expenses from Sunshine Life amounted to RMB11,586 million, representing a year-on-year increase of 5.9%, primarily due to the expansion of business volume.

*Unit: RMB in millions, except for percentages*

| For the year ended December 31    | 2025          | 2024         | YOY            |
|-----------------------------------|---------------|--------------|----------------|
| <b>Insurance service expenses</b> | <b>11,586</b> | 10,939       | 5.9%           |
| Non-premium allocation approach   | 10,029        | 9,125        | 9.9%           |
| Premium allocation approach       | <u>1,557</u>  | <u>1,814</u> | <u>(14.2%)</u> |

### *Investment results*

In 2025, investment results from Sunshine Life amounted to RMB5,037 million, representing a year-on-year decrease of 25.1%. Among them, total investment income was RMB21,186 million, representing a year-on-year increase of 22.8%, primarily due to the fluctuation of the capital market.

## Net profit

Primarily as a result of the foregoing, net profit from Sunshine Life was RMB6,197 million in 2025, representing a year-on-year increase of 8.5%.

## Sunshine P&C

### (I) Business Analysis

In 2025, the company adhered to a developmental tone of “stability first, quality over speed”, actively contributed to the financial sectors’ “five priorities (五篇大文章)”, maintained business growth, and continuously optimized the business structure. The OPI was RMB47.89 billion, representing a year-on-year increase of 0.1%. Among them, the OPI of non-automobile insurance increased by 4.5% year-on-year, accounting for 46.1% of the total premium, and representing a year-on-year increase of 1.9 percentage points. The underwriting combined ratio was 102.1%, with underwriting loss of RMB1.03 billion. Among them, the underwriting combined ratio excluding guarantee insurance was 98.9%, with underwriting profit of RMB0.49 billion; the underwriting combined ratio of guarantee insurance was 129.0%, with underwriting loss of RMB1.51 billion, which was mainly due to the company’s decision to cease underwriting new financing-type guarantee insurance business starting from 2026 and strengthen the reserves based on prudential considerations, in response to changes in the market environment and requirements of macroeconomic policy regulation.

| Original premium income                  | <i>Unit: RMB in millions, except for percentages</i> |               |             |
|--|--|---------------|-------------|
| For the year ended December 31           | 2025   | 2024          | YOY         |
| Automobile insurance                     | 25,830   | 26,707        | (3.3%)      |
| Accident and short-term health insurance | 7,792  | 7,170         | 8.7%        |
| Guarantee insurance                      | 4,244  | 4,019         | 5.6%        |
| Liability insurance                      | 3,544  | 3,873         | (8.5%)      |
| Cargo insurance                          | 2,703  | 2,476         | 9.2%        |
| Others <sup>(1)</sup>                    | 3,775  | 3,576         | 5.6%        |
| <b>Total</b>                             | <b>47,888</b>  | <b>47,821</b> | <b>0.1%</b> |

*Note 1:* 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                              | 2025         | 2024         | YOY            |
|---|--------------|--------------|----------------|
| Underwriting profit   | (1,026)      | 123          | N/A            |
| Underwriting profit (excluding guarantee insurance)         | 487          | 70           | 595.7%         |
| Underwriting expense ratio <sup>(1)</sup>                   | 30.4%        | 31.3%        | (0.9pt)        |
| Underwriting loss ratio <sup>(2)</sup>                      | 71.7%        | 68.4%        | 3.3pt          |
| Underwriting combined ratio                                 | 102.1%       | 99.7%        | 2.4pt          |
| Underwriting combined ratio (excluding guarantee insurance) | <u>98.9%</u> | <u>99.9%</u> | <u>(1.0pt)</u> |

1. Business by insurance type

Unit: RMB in millions, except for percentages

| For the year ended December 31, 2025     | Original premium income | Insured amount   | Insurance revenue | Insurance service expenses | Underwriting profit | Underwriting combined ratio |
|--|-------------------------|------------------|-------------------|----------------------------|---------------------|-----------------------------|
| Automobile insurance                     | 25,830                  | 27,091,088       | 26,352            | 25,533                     | 480                 | 98.2%                       |
| Accident and short-term health insurance | 7,792                   | 84,422,118       | 6,689             | 6,343                      | 293                 | 95.6%                       |
| Guarantee insurance                      | 4,244                   | 313,669          | 5,218             | 6,694                      | (1,513)             | 129.0%                      |
| Liability insurance                      | 3,544                   | 17,566,852       | 3,622             | 3,749                      | (174)               | 104.8%                      |
| Cargo insurance                          | 2,703                   | 3,828,551        | 2,640             | 2,741                      | (126)               | 104.8%                      |
| Others                                   | <u>3,775</u>            | <u>9,012,008</u> | <u>3,810</u>      | <u>3,761</u>               | <u>14</u>           | <u>99.6%</u>                |

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.

## Automobile insurance

Sunshine P&C continued to deepen the project of automobile insurance intelligent mortality table (車險智能生命表), by developing a dedicated mortality table for new energy vehicle insurance through enriching the data foundation, optimizing model algorithms and strengthening pricing management, and deeply integrating claims management and risk pricing, to establish automated monitoring for pricing model deviations. As a result, the precision of smart pricing and sensitivity to market and policy changes were further enhanced. Meanwhile, we deeply focused on the “new-renewal-switching” operational logic for household vehicles, systematically built a dedicated ecosystem for new energy vehicle operations, continuously strengthened the development strategies across the four major sales scenarios of “OEMs, dealers, platforms and retail policies”, and comprehensively implemented provincial-level centralized claims management, thereby leading to a continuously optimized auto insurance business structure and significantly enhanced underwriting profitability. In 2025, the OPI from automobile insurance was RMB25.83 billion, representing a year-on-year decrease of 3.3%, of which, the proportion of household auto premiums increased by 2.6 percentage points year-on-year and the proportion of new energy vehicle insurance premiums increased by 3.2 percentage points year-on-year. The underwriting combined ratio was 98.2%, representing a year-on-year decrease of 0.9 percentage point and the underwriting profit was RMB0.48 billion, representing a year-on-year increase of RMB0.24 billion.

## Accident and short-term health insurance

Sunshine P&C actively integrated into the construction of the national multi-tiered healthcare system, continuously promoted the coordinated development of social insurance and commercial insurance, steadily expanded the coverage and scope of policy-driven health insurance business, and deeply explored the collaborative innovation and service guarantee of long-term care insurance. Driven by product innovation, we upgraded and iterated multiple Pro versions of short-term health insurance products to precisely support mid-to-high-end customers in flexibly configuring various coverages according to their specific needs. Such efforts continuously strengthened the momentum for high-quality development. In 2025, the OPI of accident and short-term health insurance was RMB7.79 billion, representing a year-on-year increase of 8.7%. The underwriting combined ratio was 95.6% and the underwriting profit was RMB0.29 billion.

## Guarantee insurance

In recent years, Sunshine P&C consistently maintained a prudent development strategy, by continuously and proactively tightening the risk exposure of financing-type guarantee insurance. Through enhanced risk modeling and continuous optimization of the customer segment structure, our guarantee insurance business sustained strong

quality. The underwriting combined ratio in 2023 and 2024 was 98.8% and 99.0%, respectively. In response to changes in the market environment and requirements of macroeconomic policy regulation, the company decided to cease underwriting new financing-type guarantee insurance business starting from 2026. Considering the business characteristics of financing-type guarantee insurance, the company prudently strengthened the reserves, resulting in an underwriting combined ratio of 129.0% in 2025.

#### Liability insurance

Sunshine P&C continued to expand the presence in fields such as production safety, green and low-carbon development, and social governance, while deepening research and innovation for emerging tech sectors including low-altitude economy, new energy, equipment manufacturing, and artificial intelligence. Leveraging the continuous improvement of the pricing and application of non-automobile data mortality table, the empowerment of the “Partnership Action” risk management model integrating “insurance + technology + service” and targeted remediation of high-risk business sectors, we further optimized our business structure and enhanced business quality. In 2025, the OPI of liability insurance was RMB3.54 billion, representing a year-on-year decrease of 8.5%, and the underwriting combined ratio was 104.8%, representing a year-on-year decrease of 0.5 percentage point.

#### Cargo insurance

Sunshine P&C continuously strengthened the support for sectors such as the overseas expansion of Chinese manufacturing and cross-border e-commerce, actively helping Chinese enterprises go global. We further enhanced partnerships with e-commerce platforms, and deepened service guarantees like return freight insurance to provide greater protection for consumer shopping experiences, in support of the strategy of expanding domestic demand. At the same time, we intensified strict management over high-risk business areas to enhance overall business quality. In 2025, the OPI of cargo insurance was RMB2.70 billion, representing a year-on-year increase of 9.2%. The underwriting combined ratio was 104.8%, representing a year-on-year decrease of 1.1 percentage points.

## 2. *Customer Management*

In 2025, Sunshine P&C remained customer-oriented, and systematically upgraded the service system by leveraging a segmented customer management approach, thereby enhancing both customer experience and operational efficiency. As of December 31, 2025, the number of effective customers was 18.83 million.

In terms of individual customers, we continuously improved our professional and precise service capabilities to optimize our customer service experience. We upgraded our precise service mechanism by establishing a “six-dimension” customer profiling system. This enabled us to accurately identify core customer groups such as high-net-worth loyal customers, silver-haired population and expatriates, and provided “hyper-personalized (千人千面)” service solutions, thereby driving a profound transformation from standardized to personalized services. We refined our service management mechanism, by developing a comprehensive service products evaluation model based on the four service standards of value, characteristics, practicality, and usability (四性). Also by integrating telephone follow-ups, online reviews and feedbacks from customer experience officers, we formed a closed-loop process of multi-dimensional assessments, enabling us to iteratively upgrade the quality of service offerings. As a result, our customer satisfaction score remained stable at above 9 out of 10, and telephone service satisfaction consistently exceeded 98%. We accurately identified customers’ comprehensive protection needs through customer insight tools, assisting us to match customers with optimal product and service solutions. We continued to promote the innovation of products and services, launching multiple Pro versions of short-term health insurance products, effectively facilitating the conversion of standalone auto insurance customers into comprehensive coverage policyholders. In 2025, the proportion of personal auto insurance customers purchasing non-auto insurance products reached 63.1%, representing a year-on-year increase of 5.3 percentage points.

In terms of group customers, we continued to deepen the implementation of the “Partnership Action (夥伴行動)” risk management service, enhancing both service capabilities and quality. We established an ABCD grading system for evaluating service capability, extended our dedicated service to cover onshore wind power industry, where we introduced fusion technology of “long-distance 3D laser scanning + high-precision millimeter-wave radar”, and innovatively launched a risk mitigation model for general warehousing sector, integrating “professional consulting + technology monitoring + insurance backstop”. In 2025, Sunshine P&C provided “expertise + technology” risk management services to approximately 35,000 corporate clients. Among them, we cumulatively delivered 1,154 cases of industry specific professional risk management projects at B level and above in the hotel and the general warehousing sectors, and as a result, the renewal rate of service customers exceeded 93%. In addition, we established multiple representative service cases in niche segments such as hotel clusters, homestay clusters, courier companies, and logistics parks.

### 3. Premiums in the Top Ten Regions

*Unit: RMB in millions, except for percentages*

| For the year ended December 31   | 2025          | 2024          | YOY         |
|----------------------------------|---------------|---------------|-------------|
| Shandong                         | <b>6,086</b>  | 5,548         | 9.7%        |
| Henan                            | <b>4,922</b>  | 4,613         | 6.7%        |
| Hubei                            | <b>3,727</b>  | 4,090         | (8.9%)      |
| Zhejiang                         | <b>3,362</b>  | 3,468         | (3.1%)      |
| Hebei                            | <b>3,192</b>  | 3,303         | (3.4%)      |
| Guangdong                        | <b>2,326</b>  | 2,519         | (7.7%)      |
| Jiangsu                          | <b>1,863</b>  | 1,918         | (2.9%)      |
| Anhui                            | <b>1,609</b>  | 1,673         | (3.8%)      |
| Sichuan                          | <b>1,555</b>  | 1,476         | 5.4%        |
| Liaoning                         | <b>1,249</b>  | 1,227         | 1.8%        |
| <b>Subtotal</b>                  | <b>29,891</b> | <b>29,835</b> | <b>0.2%</b> |
| <b>Subtotal in other regions</b> | <b>17,997</b> | <b>17,986</b> | <b>0.1%</b> |
| <b>Total</b>                     | <b>47,888</b> | <b>47,821</b> | <b>0.1%</b> |

### 4. Application of Science and Technology

In 2025, Sunshine P&C remained committed to AI and data as our core drivers, systematically built an intelligent operation system and continuously deepened the application of intelligent scenarios, to comprehensively drive intelligent upgrades across sales, service, and management operations.

#### (1) Sales empowerment

Customer management was upgraded from experience-driven to data-driven. Leveraging our customer data project, we built a customer management analysis platform, establishing a closed-loop process covering data collection, intelligent analysis and strategy execution. This enabled real-time monitoring and early warning, effectively empowering sales staff with precise marketing capabilities and improving customer activation and conversion efficiency. Our sales approach was transformed from broad outreach to precision marketing. Utilizing large model technology, we developed an intelligent sales assistant robot for telemarketing, achieving accurate customer profiling, precise needs identification, and real-time personalized insurance proposal recommendation, thereby effectively improving both sales and closing efficiency. Our auto insurance quotation system was upgraded from system-assisted to intelligent issuing. By integrating natural language processing with intelligent pricing model, and leveraging basic vehicle information alongside customer needs profiles, we enabled personalized “one

vehicle, one price” solutions. The system now processes an average of nearly 20,000 quotes per day, greatly improving the quotation efficiency and customer experience.

(2) Customer service

Customer service was upgraded from process-guiding to intent-recognizing. We continued to develop a unified online service portal for individual customers, and launched an intelligent customer service robot. Focusing on delivering “time-saving, effort-saving, and worry-free” service experiences, the robot intelligently identified customers’ intents, recommended optimal service channel, and evolved from passive response to proactive anticipation and problem-solving. The claims service was transformed from manual sequential processing to intelligent response. We introduced a claims service robot and leveraged a dedicated customer claims service group model to establish a full-chain closed-loop online service process, encompassing claim filing, intelligent damage assessment, and claims payment. As a result, customer inquiry response time was reduced from minutes to seconds, and survey and inspection efficiency was improved by 20% compared to traditional models. Hence, both service response speed and customer claims experience were significantly enhanced, resulting in a customer satisfaction rate of 98%.

(3) Operation and management

Grassroots management was upgraded from experience-based decision-making to intelligent collaboration. By developing a four-tiered branch management robot and leveraging intelligent report splicing technology along with a RAG (Retrieval-Augmented Generation) knowledge-driven engine, we systematically established a management closed loop integrating “data dashboards, automated reports, anomaly alerts, and intelligent Q&A”. This improved data analysis efficiency from “days” to “minutes”. Since its launch, the system has intelligently generated more than 10,000 management reports, fundamentally breaking down the information silos, improving the professional capabilities, and unlocking management vitality. Claims management was transformed from “results management” to “process management”. We introduced a claims management robot and built a full-chain penetrating management system spanning “head office - branch office - claims staff”. Leveraging intelligent agents for team evaluation, smart meeting, loss assessment and risk control, along with intelligent analytics for efficiency monitoring, real-time dashboards, and loss attribution, we achieved real-time guidance and standardized management of the whole operation process, effectively empowering managers to make faster and data-driven decisions, with the average case payment period reduced by approximately one day. We continued to upgrade the intelligent claims risk control system, deepening the application of the risk control center and the AI anti-fraud model. This enabled

the cross-regional and cross-line-of-business collaborative application of risk models, strengthened rule-based controls and risk intervention, and accurately identified fraud and leakage risks, thereby effectively reducing claims leakage. For example, by replicating the technical capabilities of the auto insurance anti-fraud model to the personal injury claims domain, we achieved over RMB 100 million in loss reduction from personal injury risk control.

## (II) Profit Source Analysis

*Unit: RMB in millions, except for percentages*

| For the year ended December 31  | 2025         | 2024         | YOY            |
|---|--------------|--------------|----------------|
| Insurance revenue   | 48,331       | 48,243       | 0.2%           |
| Insurance service expenses  | (48,821)     | (47,334)     | 3.1%           |
| Net reinsurance expenses from reinsurance contracts held <sup>(1)</sup>                 | (41)         | (165)        | (75.2%)        |
| Net insurance finance expenses for insurance contracts issued and others <sup>(2)</sup> | (495)        | (621)        | (20.3%)        |
| Underwriting profit <sup>(3)</sup>  | (1,026)      | 123          | N/A            |
| Underwriting profit (excluding guarantee insurance) <sup>(3)</sup>                      | 487          | 70           | 595.7%         |
| Underwriting combined ratio   | 102.1%       | 99.7%        | 2.4pt          |
| Underwriting combined ratio (excluding guarantee insurance)                             | <u>98.9%</u> | <u>99.9%</u> | <u>(1.0pt)</u> |

### *Insurance revenue*

In 2025, the insurance revenue of Sunshine P&C was RMB48,331 million, representing a year-on-year increase of 0.2%. Among which, the automobile insurance business recorded a year-on-year decrease of 1.8% and non-automobile insurance business recorded a year-on-year increase of 2.7%, which was primarily due to the company's targeted remediation of high-risk business segments and further optimization of its business structure.

*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.

*Unit: RMB in millions, except for percentages*

| For the year ended December 31 | 2025          | 2024          | YoY         |
|--------------------------------|---------------|---------------|-------------|
| Insurance revenue              | <b>48,331</b> | 48,243        | 0.2%        |
| Automobile insurance           | <b>26,352</b> | 26,848        | (1.8%)      |
| Non-automobile insurance       | <b>21,979</b> | <b>21,395</b> | <b>2.7%</b> |

#### *Insurance service expenses*

In 2025, the insurance service expenses of Sunshine P&C amounted to RMB48,821 million, representing a year-on-year increase of 3.1%, primarily due to the impact of prudent reserves strengthening resulting from the cessation of new financing-type guarantee insurance business. After excluding the impact of guarantee insurance business, the company's overall insurance service expenses decreased by 0.1%.

*Unit: RMB in millions, except for percentages*

| For the year ended December 31 | 2025          | 2024          | YoY         |
|--------------------------------|---------------|---------------|-------------|
| Insurance service expenses     | <b>48,821</b> | 47,334        | 3.1%        |
| Automobile insurance           | <b>25,533</b> | 26,138        | (2.3%)      |
| Non-automobile insurance       | <b>23,288</b> | <b>21,196</b> | <b>9.9%</b> |

#### *Underwriting profit*

In 2025, the underwriting loss of Sunshine P&C was RMB1,026 million, and its underwriting combined ratio was 102.1%, representing a year-on-year increase of 2.4 percentage points, primarily due to the impact of the guarantee insurance business. After excluding the guarantee insurance business, the underwriting profit of Sunshine P&C for 2025 was RMB487 million, and its underwriting combined ratio was 98.9%, representing a year-on-year decrease of 1.0 percentage points.

## **Asset Management**

The Company upholds the philosophy of long-term value investment, maintains a clear strategic focus amid market fluctuations, continuously deepens the asset-liability management and leverages its comprehensive investment qualifications and diversified investment capabilities. Taking full account of the impact of the new accounting standards, the Company constructs a strategic asset allocation structure that aligns with the characteristics of insurance liabilities and is capable of navigating through macroeconomic cycles. Furthermore, the Company keeps enhancing its investment research capacity and effectively improves its judgement of market trends. Meanwhile,

the Company carries 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) *The Company's investment assets***

In 2025, the Company adhered to the principle of asset-liability matching, insisted on the core revenue-oriented allocation strategy, continued to consolidate the strategic core holdings asset allocation, and built an investment portfolio with both profitability and risk resilience. The Company constantly strengthened macro research and market analysis, flexibly grasped the investment opportunities in market fluctuations, and strove to achieve performance enhancement under controllable risks.

In terms of equity investment, the Company adhered to the orientation of long-term investment and value investment, maintained a risk-conscious mindset, and strove to build a stable and balanced investment portfolio. In the secondary market, the Company continued to strengthen the allocation of stocks with good fundamentals and high dividend yield, built a solid foundation for the whole portfolio returns, and at the same time moderately balanced the proportion of OCI and PL assets to enhance diversification across markets, sectors and investment styles. In the primary market, the Company focused on high-quality projects with stable revenue and stable operation, actively expanded investment opportunities around national strategic emerging industries, and continued to explore and innovate in product structure and cooperation mode. In terms of allocation timing, the Company constantly strengthened macro and market research, grasped the allocation opportunities in market fluctuation, dynamically optimized the portfolio and improved the investment performance.

In terms of fixed-income investment, the Company adhered to the principle of asset-liability matching, and steadily optimized the portfolio term structure and the cost-yield matching level. In terms of the allocation of interest rate bonds, the Company continued to optimize the allocation pace of long-term bonds, strengthened the forward-looking analysis of interest rate cycle, and timely accelerated allocation when interest rates were at a phased high level. In terms of the allocation of non-standard and credit bonds, the Company maintained the allocation of high-quality assets under the premise of controllable risks. At the same time, the Company actively explored investment opportunities in innovative instruments and business areas such as publicly-offered REITs and bond lending, and strove to enhance overall investment returns.

As of December 31, 2025, the Company's total investment assets reached RMB640.20 billion, representing an increase of 16.7% from the end of the previous year. The total investment income amounted to RMB25.23 billion, reflecting a year-on-year increase of 27.1%, while the comprehensive investment income reached RMB32.44 billion, representing a year-on-year increase of 8.9%.

1. *Investment portfolio*

*Unit: RMB in millions, except for percentages*

|   | December 31, 2025     |                      | Change in<br>percentage<br>from the<br>end of the<br>previous<br>year | Change in<br>amount from<br>the end of<br>the previous<br>year |
|---|-----------------------|----------------------|---|--|
|   | Amount                | Percentage           |   |  |
| <b>Fixed-income financial<br/>assets</b>                      | <b>461,991</b>        | <b>72.1%</b>         | <b>(2.0pt)</b>  | <b>13.6%</b>   |
| Term deposits   | 21,904                | 3.4%                 | 1.6pt   | 120.9%   |
| Bonds   | 334,287               | 52.2%                | (5.5pt)   | 5.6%   |
| Wealth management<br>products <sup>(1)</sup>                  | 83,330                | 13.0%                | 1.8pt   | 35.5%  |
| Other debt investments <sup>(2)</sup>                         | 22,470                | 3.5%                 | 0.1pt   | 20.8%  |
| <b>Equity financial assets</b>                                | <b>136,431</b>        | <b>21.4%</b>         | <b>1.4pt</b>  | <b>24.4%</b>   |
| Stocks  | 87,514                | 13.7%                | 1.4pt   | 29.5%  |
| Equity funds  | 7,444                 | 1.2%                 | 0.2pt   | 41.3%  |
| Wealth management<br>products <sup>(3)</sup>                  | 30,819                | 4.8%                 | (0.6pt)   | 4.4%   |
| Other equity investments <sup>(4)</sup>                       | 10,654                | 1.7%                 | 0.4pt   | 45.4%  |
| <b>Investments in associates<br/>and joint ventures</b>       | <b>11,690</b>         | <b>1.8%</b>          | <b>(0.1pt)</b>  | <b>11.9%</b>   |
| <b>Investment properties</b>                                  | <b>9,274</b>          | <b>1.4%</b>          | <b>(0.4pt)</b>  | <b>(4.5%)</b>  |
| <b>Cash and cash equivalents<br/>and others<sup>(5)</sup></b> | <b>20,809</b>         | <b>3.3%</b>          | <b>1.1pt</b>  | <b>73.3%</b>   |
| <b>Investment assets (total)</b>                              | <b><u>640,195</u></b> | <b><u>100.0%</u></b> | <b><u>-</u></b>   | <b><u>16.7%</u></b>  |

*Note 1:* Wealth management products under fixed-income financial assets mainly include trust schemes and fixed-income wealth management products from commercial banks. During the reporting period, wealth management products from commercial banks were reclassified according to the substance of the underlying investments. The comparative data as at the end of 2024 have been retrospectively adjusted accordingly.

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

*Note 3:* Wealth management products under equity financial assets mainly include products from insurance asset management companies, equity and hybrid wealth management products from commercial banks, and private equity funds. The comparative data as at the end of 2024 have been adjusted accordingly (for details, please refer to Note 1).

*Note 4:* Other equity investments mainly include unlisted equities, preferred shares and equity perpetual bonds.

*Note 5:* 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 in the short term, the Company continued to deepen the linkage management of assets and liabilities, dynamically optimized the bond allocation structure by closely integrating characteristics of liability business and cash flow, steadily increased the allocation of long-term government bonds, effectively lengthened the asset duration and narrowed the asset-liability duration gap, thereby realizing the continuous optimization of asset-liability matching. As of December 31, 2025, bond investments accounted for 52.2% of the total investment assets, representing a decrease of 5.5 percentage points from the end of the previous year, mainly due to increases in interest rates, resulting in a decline in the fair value of existing long-term bonds; among them, government bonds accounted for 69.3% of the bond investments, representing an increase of 1.3 percentage points from the end of the previous year. The Company continued to strengthen the development of credit risk management and post-investment management system, and explored high-quality investment targets under strict risk control. Overall, the issuers of the Company's bond investments are of strong financial strength, and hence the credit risk is well managed. Approximately 99.3% of domestic bonds (excluding government bonds and policy bank bonds) held by the Company received a credit rating of AA+ or above by external rating agencies, of which, approximately 95.9% received a credit rating of AAA or above. All overseas bonds held by the Company were investment-grade.

**Fixed-income wealth management products.** As of December 31, 2025, the fixed-income wealth management products held by the Company amounted to RMB83.33 billion, accounting for 13.0% of the total investment assets. For the risk management of non-public financing instruments (NPFIs), the Company adhered to the principle of substantive risk management and control, and strictly managed the credit risk throughout the full life cycle of the products, including asset allocation, sector and product selection. In terms of industry distribution, the underlying projects were spread across sectors including infrastructure, non-banking finance, real property, manufacturing, utilities and other industries.

**Equity financial assets.** As of December 31, 2025, the Company's investment in equity financial assets amounted to RMB136.43 billion, accounting for 21.4% of the total investment assets, representing an increase of 1.4 percentage points from the end of the previous year, of which the investment in stocks and equity funds accounted for 14.9% of the total investment assets, representing an increase of 1.6 percentage points from the end of the previous year. The Company proactively managed equity investments driven by in-depth research, actively explored investment opportunities, and prioritized 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, 2025     |                    | December 31, 2024     |                    |
|---|-----------------------|--------------------|-----------------------|--------------------|
|   | Amount                | Percentage         | Amount                | Percentage         |
| Financial assets at fair value through profit or loss             | <b>178,390</b>        | <b>27.9%</b>       | 137,579               | 25.1%              |
| Financial assets at fair value through other comprehensive income | <b>383,632</b>        | <b>59.9%</b>       | 360,005               | 65.6%              |
| Financial assets at amortised cost and others <sup>(1)</sup>      | <b>78,173</b>         | <b>12.2%</b>       | 50,995                | 9.3%               |
| <b>Investment assets (total)</b>                                  | <b><u>640,195</u></b> | <b><u>100%</u></b> | <b><u>548,579</u></b> | <b><u>100%</u></b> |

*Note 1:* Financial assets at amortised cost and others mainly include financial assets at amortised cost, cash at bank and on hand, 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                              | 2025           | 2024          | Changes        |
|---|----------------|---------------|----------------|
| Net investment income <sup>(1)</sup>                        | <b>19,827</b>  | 19,188        | 3.3%           |
| Realised gains  | <b>3,606</b>   | 2,017         | 78.8%          |
| Gains or losses on changes in fair value                    | <b>3,481</b>   | 2,110         | 65.0%          |
| Impairment loss on investment assets                        | <b>(1,684)</b> | (3,461)       | (51.3%)        |
| <b>Total investment income<sup>(2)</sup></b>                | <b>25,230</b>  | <b>19,854</b> | <b>27.1%</b>   |
| Changes in other comprehensive income                       | <b>7,211</b>   | 9,925         | (27.3%)        |
| <b>Comprehensive investment income<sup>(3)</sup></b>        | <b>32,441</b>  | <b>29,779</b> | <b>8.9%</b>    |
| <b>Net investment yield (%)<sup>(1) (4)</sup></b>           | <b>3.7</b>     | <b>4.2</b>    | <b>(0.5pt)</b> |
| <b>Total investment yield (%)<sup>(2) (4)</sup></b>         | <b>4.8</b>     | <b>4.3</b>    | <b>0.5pt</b>   |
| <b>Comprehensive investment yield (%)<sup>(3) (4)</sup></b> | <b>6.1</b>     | <b>6.5</b>    | <b>(0.4pt)</b> |

In 2025, the Company achieved a net investment income of RMB19.83 billion, representing a year-on-year increase of 3.3%, and a total investment income of RMB25.23 billion, representing a year-on-year increase of 27.1%. The Company recorded a comprehensive investment income of RMB32.44 billion, representing a year-on-year increase of 8.9%. The Company's net investment yield was 3.7%, the total investment yield was 4.8%, and the comprehensive investment yield was 6.1%.

*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 negative RMB14,928 million changes in the fair value of debt instruments at fair value through other comprehensive income for Sunshine Life in 2025.

*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.

## (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 professional asset management, investment advisory, and related services to help clients achieve steady asset appreciation, through insurance asset management products and separately managed accounts. As of December 31, 2025, Sunshine AMC achieved the assets under management (“AUM”) amounting to RMB782.79 billion, representing an increase of 5.1% from the end of the previous year, among which, the third-party AUM amounted to RMB225.94 billion.

*Unit: RMB in millions, except for percentages*

|   | <b>December<br/>31, 2025</b> | December<br>31, 2024 | Changes        |
|---|------------------------------|----------------------|----------------|
| <b>Assets under management entrusted to</b> |                              |                      |                |
| <b>Sunshine AMC</b>                         | <b>782,786</b>               | <b>744,606</b>       | <b>5.1%</b>    |
| Including: AUM entrusted by Company         | <b>556,846</b>               | 476,643              | 16.8%          |
| Including: AUM entrusted by third party     | <b>225,940</b>               | <b>267,963</b>       | <b>(15.7%)</b> |

In 2025, amid a complicated and ever-changing market environment, Sunshine AMC remained committed to strengthening its asset management capabilities across asset allocation, investment research, risk management and technology empowerment. At the same time, based on market demand and driven by a dual-engine strategy of products and services, Sunshine AMC continued to strengthen its core competitiveness through new strategies, new business models and new products, strongly supporting the steady development of third-party businesses. Two portfolio products were awarded the “Golden Bull Award for Portfolio Insurance Asset Management Products (組合類保險資管產品金牛獎)”. Meanwhile, the debt-related business fully took advantage of the long-term characteristics of insurance funds, accurately served the national strategies, and increased investment in key areas such as supply-side reform, coordinated development of Beijing-Tianjin-Hebei, the people’s comfortable living and the “Belt and Road Initiative”. With excellent comprehensive strength, the Company has consecutively been recognized as the “Trustworthy Financial Institution”, won the title of “Golden Pixiu Award – Gold Medal for Insurance Asset Management Company of the Year”, and was selected into the IPE Global Asset Management Top 500 for three consecutive years, ranking 228th globally and 42nd in China in 2025.

### III. ANALYSIS ON SPECIAL ITEMS

#### (I) Liquidity Analysis

##### 1. Gearing Ratio

|                              | December 31,<br>2025 | December 31,<br>2024 |
|------------------------------|----------------------|----------------------|
| Gearing Ratio <sup>(1)</sup> | <u>90.4%</u>         | <u>89.1%</u>         |

##### 2. Statement of Cash Flows

*Unit: RMB in millions, except for percentages*

| For the year ended December 31                        | 2025                | 2024           | Changes    |
|---|---------------------|----------------|------------|
| Net cash inflows from operating activities            | <b>64,316</b>       | 32,603         | 97.3%      |
| Net cash outflows from investing activities           | <b>(61,663)</b>     | (37,618)       | 63.9%      |
| Net cash inflows/(outflows) from financing activities | <u><b>6,396</b></u> | <u>(9,684)</u> | <u>N/A</u> |

##### 3. Liquidity Analysis

The Group manages the liquidity of the group company and its subsidiaries. As a holding company, the cash flow of the group company is mainly derived from dividends and other investment income of its subsidiaries.

The Group'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.

*Note 1:* gearing ratio = total liabilities/total assets

The Group's cash and bank deposits provide the Group with liquid resources to meet its cash disbursement needs. As of the end of the Reporting Period, the Group had cash and cash equivalents of RMB20.99 billion and term deposits of RMB21.90 billion. In the case of interest loss, substantially all of the Group's term bank deposits are available. In addition, the Group's investment portfolio also provides the Group with liquidity resources to meet unforeseen cash disbursement needs. As of the end of the Reporting Period, the book value of the Group's fixed-income financial assets investment was RMB461.99 billion and the book value of equity financial assets investment was RMB136.43 billion.

The Group believes that it has sufficient working capital to meet its foreseeable 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, 2025, 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*

|                                  | <b>December<br/>31, 2025</b> | December<br>31, 2024 | Increase/<br>Decrease |
|----------------------------------|------------------------------|----------------------|-----------------------|
| <b>The Group</b>                 |                              |                      |                       |
| Core capital                     | <b>85,126</b>                | 89,726               | (5.1%)                |
| Actual capital                   | <b>122,762</b>               | 128,630              | (4.6%)                |
| Minimum capital                  | <b>62,671</b>                | 56,619               | 10.7%                 |
| Core solvency ratio (%)          | <b>136</b>                   | 158                  | (22pt)                |
| Comprehensive solvency ratio (%) | <b>196</b>                   | 227                  | (31pt)                |
| <b>Sunshine Life</b>             |                              |                      |                       |
| Core capital                     | <b>58,731</b>                | 65,483               | (10.3%)               |
| Actual capital                   | <b>90,691</b>                | 98,630               | (8.0%)                |
| Minimum capital                  | <b>53,487</b>                | 47,844               | 11.8%                 |
| Core solvency ratio (%)          | <b>110</b>                   | 137                  | (27pt)                |
| Comprehensive solvency ratio (%) | <b>170</b>                   | 206                  | (36pt)                |
| <b>Sunshine P&amp;C</b>          |                              |                      |                       |
| Core capital                     | <b>15,042</b>                | 13,792               | 9.1%                  |
| Actual capital                   | <b>20,719</b>                | 19,547               | 6.0%                  |
| Minimum capital                  | <b>8,738</b>                 | 8,379                | 4.3%                  |
| Core solvency ratio (%)          | <b>172</b>                   | 165                  | 7pt                   |
| Comprehensive solvency ratio (%) | <b>237</b>                   | 233                  | 4pt                   |

*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 Group will be used as collateral for transactions. As of the end of the Reporting Period, the collateral status of the relevant securities is set out in Note 11 to the consolidated financial statements of this announcement.

#### **(IV) Bank Borrowings and Bonds Payable**

As of the end of the Reporting Period, the aggregate balance of bank borrowings of the Group was RMB0.11 billion, 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 RMB19.52 billion. The bonds payable by the Group are set out in Note 10 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, 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 give rise 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 that 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 of RMB1.77 billion and a decrease in profit before tax of RMB1.32 billion as compared with December 31, 2025. 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 of the end of the Reporting Period, 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 December 12, 2024, the Company and Sunshine AMC entered into the entrusted investment management services framework agreement (the “Entrusted Investment Management Services Framework Agreement”), which is effective from January 1, 2025 to December 31, 2027, pursuant to which, the Group shall entrust Sunshine AMC and its subsidiary Sunshine AMC (HK) to manage part of investment assets. Sunshine AMC and its subsidiary Sunshine AMC (HK) shall manage the entrusted assets in accordance with the 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 and 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 and its subsidiary Sunshine AMC (HK).

###### Connected persons

Sunshine AMC is our non-wholly owned subsidiary and pursuant to the requirements of Rule 14A.16(1) of the Hong Kong Listing Rules, Sunshine AMC and its subsidiary Sunshine AMC (HK) are connected subsidiaries of the Company, and therefore constitute connected persons 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 entrusted investment management services, the Group will pay investment management fees (including base management fee and performance-based management fee) and other service fees to Sunshine AMC and its subsidiary Sunshine AMC (HK). 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 domestic and overseas equity investment portfolio, 0.1% per annum for domestic fixed-income investment portfolio and 0.1%-0.3% per annum for overseas fixed-income investment portfolio) 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 based on the actual return at the year end. Sunshine AMC and its subsidiary Sunshine AMC (HK) may subscribe for financial products managed by themselves with the entrusted assets of the Group, for which Sunshine AMC and its subsidiary Sunshine AMC (HK) will charge service fee with reference to the pricing level of similar products in the market.

For investment advisory services, the Group will pay advisory service fees (including base service fee and performance-based service fee) to Sunshine AMC and its subsidiary Sunshine AMC (HK). 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 advisory services provided by Sunshine AMC and its subsidiary Sunshine AMC (HK), which in principle shall not exceed 20% of the net investment return from the investment portfolio for which Sunshine AMC and its subsidiary Sunshine AMC (HK) provide services and is normally determined based on the actual return at the year end. The Group shall only pay such performance-based service fees to Sunshine AMC and its subsidiary Sunshine AMC (HK) when the return rate of the investment portfolio is higher than the benchmark return rate as agreed between the Group and Sunshine AMC and its subsidiary Sunshine AMC (HK).

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 and its subsidiary Sunshine AMC (HK) 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 and its subsidiary Sunshine AMC (HK) against its other independent third-party customers for similar business, as well as the fee rates paid by the Group to independent third-party asset managers for similar business.

## Annual caps and transaction amounts

For the three years ending December 31, 2027, the annual caps of the fees for investment management services to be paid or payable by the Group to Sunshine AMC and its subsidiary Sunshine AMC (HK) are expected to be as follows:

*Unit: RMB in millions*

| For the year ended/ending December 31  | 2025         | 2026         | 2027         |
|--|--------------|--------------|--------------|
| Fees cap for investment management services expected to be paid or payable by the Group to Sunshine AMC and its subsidiary Sunshine AMC (HK) | <u>1,066</u> | <u>1,310</u> | <u>1,436</u> |

For the year ended December 31, 2025, the fees for investment management services actually paid or payable by the Group to Sunshine AMC and its subsidiary Sunshine AMC (HK) were RMB1,282 million in aggregate.

## Exceeding annual caps

During its periodic review of continuing connected transactions in January 2026, the Group noted that the actual transaction amount under the Entrusted Investment Management Services Framework Agreement for the year ended December 31, 2025 reached RMB1,282 million, exceeding the annual cap of RMB1,066 million for the year ended December 31, 2025 under the Entrusted Investment Management Services Framework Agreement. The main reason for exceeding annual caps was the fact that the comprehensive yield on equity assets of Sunshine Life significantly outperformed the market under the favorable investment market situation in 2025. However, according to the industry practice, the excess management fee shall be provided based on the difference between the actual annual investment return and the preset performance benchmark. Due to the uncertainties of market volatility and manager performance, such fee will be finalised after the annual settlement.

The Directors consider that the actual transaction amount for the year ended December 31, 2025 under the Entrusted Investment Management Services Framework Agreement exceeded the annual cap for the year ended December 31, 2025, which was due to the fact that the excess management fee shall be determined based on the final annual results. The Company will further enhance the precision of its management of entrusted management fees to prevent the recurrence of such incidents. The Company's Related Party Transactions Management Office will regularly assess the reasonableness of the current annual caps, regularly review the actual amount of continuing connected transactions, and report the actual implementation to the Related Party Transactions Control Committee of the Board to ensure the ongoing compliance with the applicable provisions of the Listing Rules.

## Revising annual caps

The Board has confirmed the actual transaction amount for the year ended December 31, 2025 under the Entrusted Investment Management Services Framework Agreement exceeded the original annual caps for 2025. Taking into account the actual transaction amount in 2025 and the expected growth of the entrusted funds scale of the Group in 2026 and 2027 and the demand for entrusted investment management services, as well as the fluctuations and unpredictability of the overall financial market, the Board resolved to adjust the annual caps of the transactions contemplated under the Entrusted Investment Management Services Framework Agreement for the years ending December 31, 2026 and 2027 to RMB1,800 million and RMB1,820 million from RMB1,310 million and RMB1,436 million, respectively. The revised annual caps aforementioned mainly refer to the actual transaction amount for 2025 under the Entrusted Investment Management Services Framework Agreement, taking into account factors such as the scale of historical entrusted funds, the expected growth of the scale of entrusted funds in the next three years, the new demand for entrusted investment management services, the nature of different types of products and the fluctuations and unpredictability of the overall financial market. Among them, base management fee takes into account the plan on cash flows for business and the growth rate of net value, and it is expected to increase steadily year by year in line with the expansion of the scale of investment assets; performance-based management fee takes into account the volatility and unpredictability of the market, and it is estimated by comparing the historical average investment return level of various portfolios with the performance benchmark; investment advisory service fee is estimated based on the existing scale of alternative investment projects and the scale of new investment and withdrawal in the future; financial service fee for non-standard assets is estimated, based on the strategic asset allocation plan of the Company, by multiplying the incremental scale of non-standard assets by the historical average fee rate.

For details, please refer to the announcement of the Company dated March 16, 2026.

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. 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.
- c. With respect to the aggregate amount of the continuing connected transactions, the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

## ***2. Subscription of Pilot Private Securities Investment Fund Units***

On June 17, 2025, as considered and approved by the shareholders' general meeting of the Company, it was agreed that Sunshine Life, the subsidiary of the Company, invested the pilot private securities investment fund (the "Pilot Fund"). The Pilot Fund, with a total scale of RMB20 billion, shall be fully invested and subscribed by Sunshine Life and Sunshine Life shall pay the capital in installments based on its own strategic asset allocation plan, prevailing capital market conditions and in accordance with the laws and regulations and provisions in relevant legal documents of the Pilot Fund. The fund is a contractual fund, with a term of 10+N years. The initial term is 10 years, which may be extended in accordance with the provisions of the fund contract. The Pilot Fund focuses on long-term equity investment, and is conducive to expanding the scope and depth of the Company's capital participation in the capital market, fostering positive interaction and mutual development with the capital market. It fully leverages the advantage of insurance funds as long-term and patient capital, contributing to the stable, long-term and healthy development of the capital market. Concurrently, it helps mitigate the impact of equity asset valuation fluctuations on the Company's net income, and enhances the Company's capacity to invest in the capital market. On November 17, 2025, Sunshine Hengyi (Qingdao) Private Equity Fund Management Co., Ltd. (as the Fund Manager), Sunshine Life (as the fund unit holder) and Qingdao Branch of China Merchants Bank Co., Ltd. (as the fund custodian) have executed the fund contract.

The fund manager, Sunshine Hengyi (Qingdao) Private Equity Fund Management Co., Ltd., was established and wholly owned by Sunshine AMC. Pursuant to Rule 14A.16(1) of the Hong Kong Listing Rules, Sunshine AMC and the Fund Manager

are connected subsidiaries of the Company and constitute connected persons of the Company. Accordingly, the subscription of the private fund units by Sunshine Life constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

Save as 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 Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong 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 and its subsidiary Sunshine AMC (HK), as the managers within Sunshine Insurance, are 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) Material Litigation and Arbitration**

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

### **(IV) Major Acquisition and Investment**

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

## **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, with a considerable protection gap. The comprehensive advancement of Healthy China initiatives and proactive response to population aging have been elevated to national strategies. With the expansion and implementation of people's livelihood security policies, the demand for insurance coverage in health, elderly care, medical services, and nursing care will continue to grow steadily. The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China outlined a new blueprint for China's high-quality development during the 15th Five-Year Plan period. As an economic shock absorber and social stabilizer, the insurance industry will further demonstrate its value in serving the real economy, strengthening people's livelihood security, and contributing to social governance, thereby ushering in a new development phase that resonates with national strategies.

Currently, the domestic economy is demonstrating a development trajectory characterized by overall stability and steady progress, and its positive momentum continues to solidify. The ongoing guidance and regulation from supervisory policies have also fostered a more orderly external environment for the industry. As people's livelihood security upgrades, the need for both protection-type and savings-type insurance expands simultaneously, and customers are placing ever-higher demands on the professionalism of products and the refinement of services. Under the new development paradigm, sectors representing new productive forces, such as the low-altitude economy and green industries, are accelerating their growth. Consequently, corporate demand for risk management is increasingly strengthening, placing new requirements on the property and casualty insurance industry's underwriting capacity, risk pricing, and risk mitigation services. The acceleration of digital transformation and the continuous empowerment of operations and services through technology are steadily improving the insurance ecosystem. The investment channels for insurance funds are being persistently broadened, expanding the allocation space in areas like technological innovation, green infrastructure, and health and elderly care, thereby further leveraging the advantages of long-term capital.

Looking forward to 2026, with steady enhancements in internal drivers and progressively improving external environment, the insurance industry is poised to fully enter a golden period of high-quality development.

## (II) Development Outlook

The year 2026 marks the commencement of China's 15th Five-Year Plan and the inaugural year of Sunshine Insurance's Fifth Five-Year development plan. The Company will uphold its mission of "bring more sunshine to people", remain persistently customer-centric, and adhere to the developmental tone of "quality first, seeking progress amidst quality". Seizing the opportunities presented during this springtime for the industry, we will actively advance the "five priorities" in financial sector, and vigorously promote value-driven development. Simultaneously, we will root our efforts in model innovation and leverage data technology as a key tool, to comprehensively accelerate the building of core capabilities, ensuring a strong start and laying a solid foundation for Sunshine Insurance's second twenty-year journey.

Sunshine Life will prioritize high-quality development, accelerate the enhancement of core capabilities, deepen refined management, continuously optimize operational efficiency, and comprehensively strengthen value-driven development capability. In terms of individual insurance, we will deepen the development strategy of "One Body, Two Wings", comprehensively advance differentiated operations, strengthen the sales-force's professional capabilities, and continuously improve team quality and structure. In terms of bancassurance, we will focus on deepening core competitive advantages, further diversify and strengthen channel layout, accelerate breakthroughs in potential markets, and cultivate new growth drivers. Team development will prioritize high-caliber talent cultivation to solidify our professional edge. We will continue to advance the implementation of the "Matrix Plan", the "three/five/seven" product system, and the "Partnership Action", to build systematic customer management capabilities integrating products, sales, and services.

Sunshine P&C will adhere to the developmental tone of "quality first, seeking progress amidst quality" and actively seize the strategic opportunities brought by the national 15th Five-Year Plan and the industry's high-quality development. With the "three mortality tables" and the "Partnership Action" as fundamental tools for core capability building, and digital intelligence transformation and model innovation as core engines, we will implement a sales capability enhancement program and reshape all elements across the entire customer management chain. In terms of auto insurance, we will effectively improve the level of high-quality development and enhance our professional operational capabilities in the new energy vehicle sector. In terms of non-auto insurance, we will actively implement "unified commission fees in reporting and underwriting (報行合一)" and consolidate the foundation for value-driven development, thereby comprehensively strengthening the Company's capacity for sustainable and high-quality development.

The investment segment will always adhere to the philosophy of long-term value investment, and consolidate an asset allocation framework that aligns with insurance liability characteristics and ensures investment performance resilience throughout market cycles. Closely following the strategic direction of the 15th Five-Year Plan, we will leverage the advantages as patient capital, continuously optimize the investment portfolio, achieve steady asset appreciation, and effectively empower the core insurance business. Asset management

segment will remain anchored to the principal theme of “value-driven development”, continue to forge core competitiveness through strategic innovation, model upgrade and product iteration, cultivate in-depth customer service capabilities, strengthen technology empowerment, and strive to achieve sustained and stable investment returns for customers.

## **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”) (hereafter 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, 2025.

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 rate.

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, 2025. 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, 2025 (in RMB million):

#### 1. Embedded value

| Valuation Date  | December 31,<br>2025 | December 31,<br>2024 |
|---|----------------------|----------------------|
| <b>The adjusted net worth of Sunshine Insurance Group</b>                   | <b>71,829</b>        | <b>75,462</b>        |
| <b>The adjusted net worth of Sunshine Life</b>                              | <b>47,082</b>        | <b>53,022</b>        |
| Sunshine Life's value of in-force business before<br>cost of capital        | 58,362               | 50,197               |
| Cost of capital   | (9,411)              | (9,900)              |
| <b>Sunshine Life's value of in-force business after<br/>cost of capital</b> | <b>48,951</b>        | <b>40,297</b>        |
| <b>Embedded value of Sunshine Insurance Group</b>                           | <b>120,780</b>       | <b>115,758</b>       |
| <b>Embedded value of Sunshine Life</b>                                      | <b><u>96,033</u></b> | <b><u>93,319</u></b> |

#### 2. Value of one year's new business

| Valuation Date   | December 31,<br>2025 | December 31,<br>2024 |
|--|----------------------|----------------------|
| Sunshine Life's value of new business before<br>cost of capital        | 9,029                | 6,746                |
| Cost of capital  | (1,391)              | (1,594)              |
| <b>Sunshine Life's value of new business after<br/>cost of capital</b> | <b><u>7,638</u></b>  | <b><u>5,153</u></b>  |

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

| Valuation Date                 | December 31,<br>2025 | December 31,<br>2024 |
|--------------------------------|----------------------|----------------------|
| <b>Total of Sunshine Life</b>  | <b>7,638</b>         | <b>5,153</b>         |
| Of which: Individual insurance | 2,083                | 1,758                |
| Bancassurance                  | <b><u>4,720</u></b>  | <b><u>2,868</u></b>  |

#### IV. ANALYSIS OF EMBEDDED VALUE MOVEMENT

The table below shows the change in the embedded value of Sunshine Insurance Group from December 31, 2024 to December 31, 2025 (in RMB million):

| <b>Items</b>   | <b>Amount</b>         |
|--|-----------------------|
| <b>1. Embedded value of Sunshine Life at beginning of period</b>             | <b>93,319</b>         |
| 2. Impact of new business  | 7,638                 |
| 3. Expected return   | 5,635                 |
| 4. Investment experience variance  | (11,478)              |
| 5. Other experience variance   | 370                   |
| 6. Methodology, Model and Assumptions change                                 | 1,026                 |
| 7. Diversification effects   | 1,780                 |
| 8. Capital injection/shareholder dividend                                    | (2,210)               |
| 9. Others  | (47)                  |
| <b>10. Embedded value of Sunshine Life at end of period</b>                  | <b><u>96,033</u></b>  |
| <b>11. Adjusted net worth of the Group's other business at end of period</b> | <b>26,178</b>         |
| 12. Adjustment for minority shareholders' interest                           | (1,430)               |
| <b>13. Embedded value of Sunshine Insurance Group at end of period</b>       | <b><u>120,780</u></b> |

*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<br>value of in-force<br>business after<br>cost of capital | Sunshine Life's<br>value of one year's<br>new business after<br>cost of capital |
|--|---|---|
| <b>Base Scenario</b>   | <b>48,951</b>   | <b>7,638</b>  |
| Risk discount rate increased by 50 base points                 | 46,418  | 7,261   |
| Risk discount rate decreased by 50 base points                 | 51,745  | 8,052   |
| Investment return increased by 50 base points                  | 68,614  | 9,852   |
| Investment return decreased by 50 base points                  | 28,922  | 5,415   |
| Mortality increased by 10% (i.e. 110% of Base)                 | 48,408  | 7,564   |
| Mortality decreased by 10% (i.e. 90% of Base)                  | 49,490  | 7,702   |
| Morbidity increased by 10% (i.e. 110% of Base)                 | 47,796  | 7,610   |
| Morbidity decreased by 10% (i.e. 90% of Base)                  | 50,112  | 7,654   |
| Lapse and surrender rates increased by 10% (i.e. 110% of Base) | 48,829  | 7,507   |
| Lapse and surrender rates decreased by 10% (i.e. 90% of Base)  | 49,065  | 7,766   |
| Expenses assumptions increased by 10% (i.e. 110% of Base)      | <u>48,470</u>   | <u>7,263</u>  |

## **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 2025 set out in the 2025 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 2025;
- Value of one year’s new business of the Sunshine Life as of 31 December 2025; 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 persons 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*

16 March 2026

## **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, the founder of the Company, 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 four 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, 2025 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, 2025. The figures in respect of the Group's results for the year ended December 31, 2025 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, 2025.

#### V. PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended December 31, 2025 of RMB0.19 per share (tax included), totaling approximately RMB2.19 billion (the “**2025 Final Dividend**”). The 2025 Final Dividend is subject to the approval of Shareholders of the Company at the 2025 annual general meeting, and is expected to be paid to the Shareholders on Tuesday, July 28, 2026, 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 Renminbi, 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 2025 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 2025 Annual General Meeting will announce the date of the 2025 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 16, 2026, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2025, and declared a final cash dividend of 2025 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, 2025 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   |

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| “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   |

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| “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  |
| “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, 2025  |
| “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 AMC (HK)”                            | Sunshine Asset Management (HK) Limited (陽光資產管理(香港)有限公司), a company with company registration completed on January 22, 2021 in Hong Kong with limited liability, in which Sunshine AMC and Sunshine Life held its 75% and 25% equity interest, respectively, 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   |

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|------------------------|---|
| “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 16, 2026

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