



阳光保险集团

SUNSHINE INSURANCE GROUP

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: 06963)



2025 ANNUAL REPORT



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DEFINITIONS

“Articles of Association”	the articles of association of Sunshine Insurance Group Company Limited
“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
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會), which was merged with the CIRC to form 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
“China” or “PRC”	the People’s Republic of China, for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report 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

“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended by the Standing Committee of the Fourteenth National People’s Congress on December 29, 2023 and effective on the date of its promulgation, as amended, supplemented and otherwise modified from time to time
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company with nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC natural persons or entities established under PRC laws
“Global Offering”	the Hong Kong Public Offering and the International Offering
“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 Offer Shares”	the 14,501,000 H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the offer price on the terms and conditions described in the Prospectus, as further described in the section headed “Structure of the Global Offering” in the Prospectus

DEFINITIONS

“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
“International Offer Shares”	the 1,135,651,500 H Shares offered by our Company pursuant to the International Offering
“International Offering”	the offer of the International Offer Shares by the international underwriters at the offer price outside the United States to non-US persons in offshore transactions in accordance with Regulation S as further described in “Structure of the Global Offering” in the Prospectus
“Latest Practicable Date”	April 10, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
“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)
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“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
“Ministry of Finance”	the Ministry of Finance of the PRC (中國財政部)

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“National Financial Regulatory Administration”	The National Financial Regulatory Administration (國家金融監督管理總局), a regulatory authority formed on the basis of the former CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2023] No. 5) issued by the State Council on March 20, 2023, and if the context requires, includes its predecessor (i.e. CBIRC)
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Insurance Law”	Insurance Law of the PRC, enacted by the Standing Committee of the Eighth National People’s Congress on June 30, 1995 and effective on October 1, 1995, as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated November 30, 2022 issued in connection with the Global Offering and the Listing
“province”	all provincial-level administrative regions of the PRC, including provinces, autonomous regions, municipalities directly under the Central Government and special administrative regions of the PRC
“Regulation S”	Regulation S under the US Securities Act
“Reporting Period”	for the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“State Council”	the State Council of the People’s Republic of China (中華人民共和國國務院)
“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 Latest Practicable Date
“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 Latest Practicable Date
“Sunshine DIG & AI TECH”	Sunshine Digital Intelligence Technology Co., Ltd (陽光數智科技有限責任公司), a company established on February 6, 2024 under the laws of the PRC with limited liability, in which the Company held 100% equity interest as at the Latest Practicable Date
“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 Latest Practicable Date
“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 Latest Practicable Date

"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 Latest Practicable Date
"Supervisor(s)"	the supervisor(s) of our Company
"US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US\$" or "US dollars"	US dollars, the lawful currency of the United States

HONORS AND AWARDS



Ranked among the
"Top 500 Chinese Enterprises"
for 15 consecutive years

2024-2025
Most Respected
Enterprise

2025 Ark Award of
Insurance Industry
with Outstanding
Social Responsibility

Excellent DIG
& AI Insurance
Company of
the Year

TOP 5 of Property
Insurance in New Financial
Competitiveness List
in 2025

Annual
Insurance
Service
Award

Excellent Life
Insurance
Company of the
Year

AWARDS OF SUNSHINE INSURANCE GROUP FOR 2025

Awarding Entity

Brand Finance

FORTUNE

China Enterprise Confederation, China Enterprise Directors Association

All-China Federation of Industry and Commerce

World Brand Lab

The Economic Observer

Securities Times

The Paper

China Securities Journal

Honors and Awards

Maintained the award of "Top 100 Most Valuable Insurance Brands"

Ranked among "China's Top 500" for three consecutive years

Ranked among the "Top 500 Chinese Enterprises"
for 15 consecutive years

Ranked among the Top 500 Chinese Private Enterprises
for 10 consecutive years

Ranked among "China's 500 Most Valuable Brands"
for 14 consecutive years

2024-2025 Most Respected Enterprise

2025 Ark Award of Insurance Industry with
Outstanding Social Responsibility

Excellent DIG & AI Insurance Company of the Year

Golden Bull Award of "Patient Capital"

AWARDS OF SUNSHINE P&C FOR 2025

Awarding Entity

Southern Weekly

Shanghai Securities News

Cailian Press

Honors and Awards

TOP 5 of Property Insurance in New Financial Competitiveness List
in 2025

Annual Insurance Service Award

ESG Financial Innovation Award

AWARDS OF SUNSHINE LIFE FOR 2025

Awarding Entity

National Business Daily

Securities Times

China Securities Journal

Honors and Awards

Excellent Life Insurance Company of the Year

2025 Ark Award of Gold Medal Insurance Service

Golden Bull Insurance Company



Golden Bull Insurance Company

Most Innovative Service Award

Insurance Asset Management Company Golden Bull Award

2025 Excellent Case of Digital Transformation in China's Insurance Industry

Typical Cases of Fintech Innovation Application

Medical Institution with Five-star Capacity of Medical Quality

AWARDS OF SUNSHINE AMC FOR 2025

Awarding Entity

Investment & Pensions Europe (IPE)

Wind

China Securities Journal

Honors and Awards

Ranked among "Top 500 Global Asset Management Associations" for three consecutive years

Most Innovative Service Award

Insurance Asset Management Company Golden Bull Award

AWARDS OF SUNSHINE DIG & AI TECH FOR 2025

Awarding Entity

Beijing Municipal Science & Technology Commission,
Beijing Municipal Finance Bureau and Beijing Municipal Tax Service
China Banking and Insurance News

China Academy of Information and Communications Technology

Honors and Awards

Certificate of High-technology Enterprise

2025 Excellent Case of Digital Transformation in China's Insurance Industry

Typical Cases of Fintech Innovation Application

AWARDS OF SUNSHINE UNION HOSPITAL FOR 2025

Awarding Entity

Chinese Non-government Medical Institutions Association
Chinese Non-government Medical Institutions Association

Honors and Awards

Medical Institution with Five-star Capacity of Medical Quality
Medical Institution with AAA-level Social Credit Rating

CORPORATE INFORMATION

REGISTERED NAME

Legal Chinese Name:

陽光保險集團股份有限公司

Abbreviation in Chinese:

陽光保險

Legal English Name:

Sunshine Insurance Group Company Limited

Abbreviation in English:

SUNSHINE INS

REGISTERED OFFICE

3001-3008, Sunshine Insurance Building
No. 66 Lanzhi 2nd Road
Haizhu Community, Yuehai Street, Nanshan District
Shenzhen, PRC
(Postal code: 518054)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

CLASS OF SHARES

H Shares

STOCK NAME

SUNSHINE INS

STOCK CODE

6963

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.sinosig.com

INVESTOR RELATIONS DEPARTMENT

The Securities Affairs Department
Telephone: (8610) 5828 9818
E-mail: ir@sinosig.com

LEGAL REPRESENTATIVE

Mr. ZHANG Weigong

SECRETARY TO THE BOARD

Mr. NIE Rui

AUTHORIZED REPRESENTATIVES

Mr. PENG Jihai
Mr. SHU Gaoyong

JOINT COMPANY SECRETARIES

Mr. SHU Gaoyong
Mr. LAU Kwok Yin

AUDITOR

Ernst & Young
(Certified Public Accountants and Registered Public Interest Entity Auditor)

HONG KONG LEGAL ADVISOR

Clifford Chance

PRC LEGAL ADVISOR

Commerce & Finance Law Offices

UNIFIED SOCIAL CREDIT CODE

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CHAIRMAN'S STATEMENT



ZHANG Weigong

Founder, Chairman of the Board

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.

Chairman's Statement

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"!

RESULTS HIGHLIGHTS

Unit: RMB in millions, except for percentages

KEY PERFORMANCE DATA	December 31, 2025	December 31, 2024	Increase/ decrease	December 31, 2023 ⁽¹⁾	December 31, 2022 ⁽¹⁾	December 31, 2021 ⁽¹⁾
Total assets	673,339	581,790	15.7%	513,686	453,569	441,623
Total liabilities	608,602	518,377	17.4%	451,897	394,216	382,407
Total equity	64,737	63,413	2.1%	61,789	59,353	59,216
Net assets per share (RMB/share) ⁽²⁾	5.06	5.40	(6.3%)	5.26	5.05	5.60

KEY PERFORMANCE DATA	2025	2024	Increase/ decrease	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Insurance revenue	65,066	64,004	1.7%	59,900	55,738	N/A
GWPs	150,719	128,380	17.4%	118,907	108,740	101,759
Net profit	6,570	5,540	18.6%	3,866	4,628	6,020
Net profit attributable to equity owners of the parent	6,307	5,449	15.7%	3,738	4,494	5,883
Earnings per share (RMB/share) ⁽²⁾	0.55	0.47	15.7%	0.32	0.43	0.57
Weighted average return on equity ⁽³⁾	10.5%	8.9%	1.6pt	6.0%	8.3%	10.3%

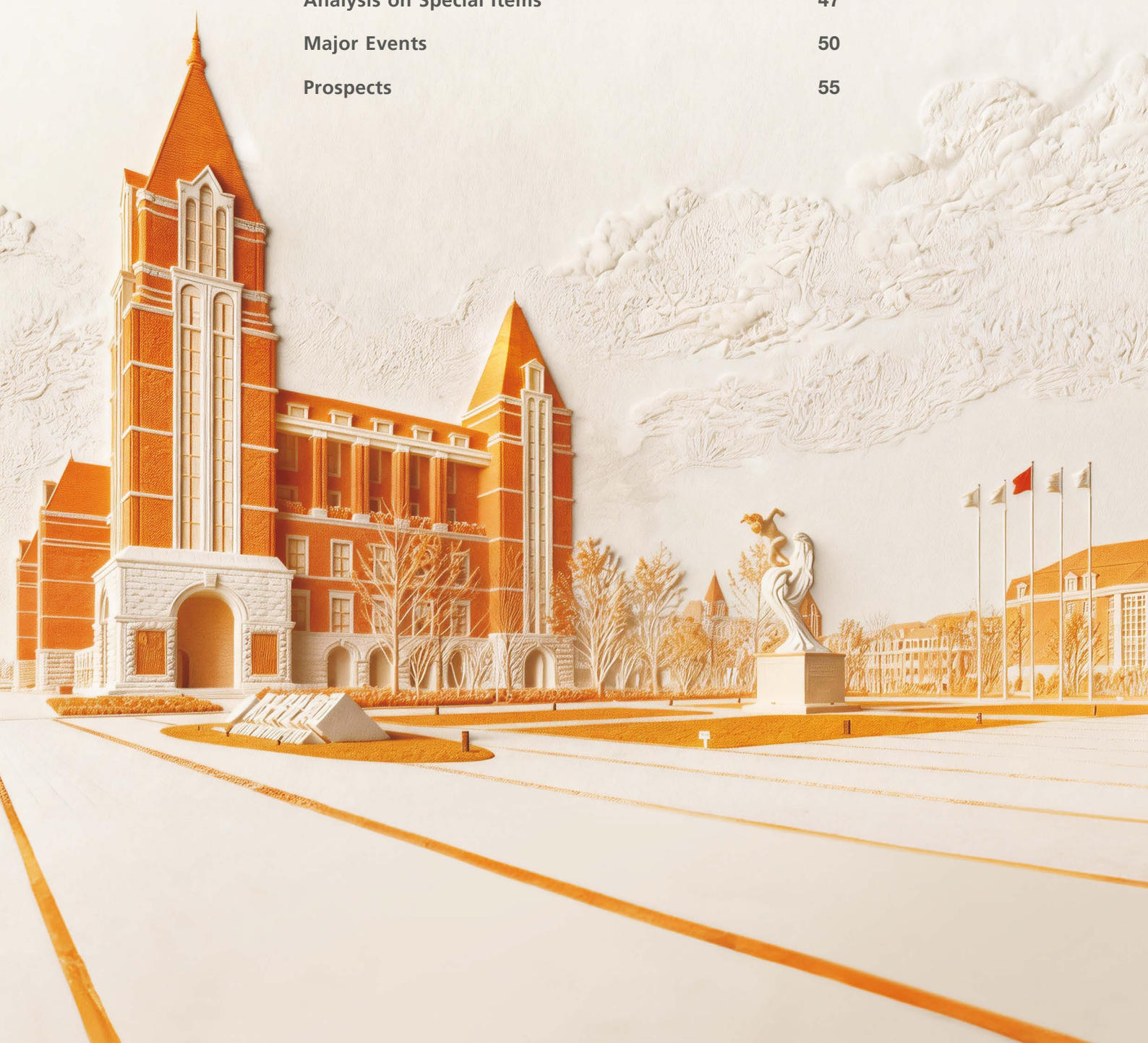
Note 1: The Company adopted IFRS 9 Financial Instruments (the "New Accounting Standards for Financial Instruments") and IFRS 17 Insurance Contracts (the "New Accounting Standards for Insurance Contracts") on 1 January, 2023. With respect to relevant information for 2022, the Company restates and presents in accordance with the New Accounting Standards for Insurance Contracts, and is not required to restate and present in accordance with the New Accounting Standards for Financial Instruments. The Company prepared relevant information for 2021 in accordance with IFRS 39 Financial Instruments and IFRS 4 Insurance Contracts.

Note 2: Based on the data attributable to equity owners of the Company. The percentage of increase or decrease in earnings per share and net assets per share is calculated based on the data before rounding.

Note 3: Weighted average return on equity equals to net profit attributable to equity owners of the parent divided by the weighted average net assets attributable to equity owners of the parent.

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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⁽¹⁾.

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.

Management Discussion and Analysis

The life insurance⁽¹⁾ 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;
- 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.

Note 1: Life insurance business refers to the business of Sunshine Life.

The property and casualty insurance⁽²⁾ 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⁽³⁾ 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 2: Property and casualty insurance business refers to the business of Sunshine P&C.

Note 3: 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.

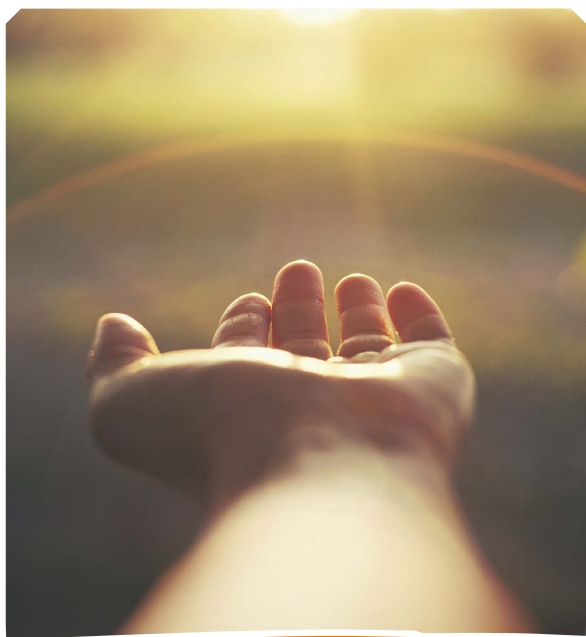
- We adhered to the principles of long-term value investment, focused on integrated asset-liability management, and leveraged the characteristics of patient capital. Strategically, we maintained firm resolve and reinforced core portfolio holdings; tactically, we assessed market trends and optimized asset 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.

Management Discussion and Analysis

- 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

	December 31, 2025/January- December 2025	December 31, 2024/January- December 2024	Increase/ decrease
Total assets	673,339	581,790	15.7%
Total liabilities	608,602	518,377	17.4%
Total equity	64,737	63,413	2.1%
Equity attributable to owners of the parent	58,201	62,082	(6.3%)
Total revenues	94,811	90,270	5.0%
Net profit	6,570	5,540	18.6%
Net profit attributable to equity owners of the parent	6,307	5,449	15.7%
Earnings per share (RMB/share) ⁽¹⁾	0.55	0.47	15.7%
Weighted average return on equity ⁽²⁾	10.5%	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, 2025/January- December 2025	December 31, 2024/January- December 2024	Increase/ decrease
The Group			
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 ^{(1) (4)}	3.7%	4.2%	(0.5pt)
Total investment yield ^{(2) (4)}	4.8%	4.3%	0.5pt
Comprehensive investment yield ^{(3) (4)}	6.1%	6.5%	(0.4pt)
Sunshine Life			
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%
Sunshine P&C			
Insurance revenue	48,331	48,243	0.2%
Insurance service expenses	48,821	47,334	3.1%
Underwriting combined ratio ⁽⁵⁾	102.1%	99.7%	2.4pt
Underwriting combined ratio (excluding guarantee insurance) ^{(5) (6)}	98.9%	99.9%	(1.0pt)

Management Discussion and Analysis

- 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

	December 31, 2025/January- December 2025	December 31, 2024/January- December 2024	Increase/ decrease
Embedded value of the Group	120,780	115,758	4.3%
Sunshine Life's value of one year's new business	7,638	5,153	48.2%
Comprehensive solvency ratio (%) ⁽¹⁾			
–The Group	196	227	(31pt)
–Sunshine Life	170	206	(36pt)
–Sunshine P&C	237	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	December 31, 2025	December 31, 2024	Change	Major reasons
Financial assets at amortised cost	8,108	2,411	236.3%	Increase in the allocation of trust schemes and debt investment schemes
Term deposits	21,904	9,917	120.9%	Increase in the allocation of term deposits
Cash at bank and on hand	15,373	6,706	129.2%	For liquidity management purposes

Unit: RMB in millions, except for percentages

Income statement items	January- December 2025	January- December 2024	Change	Major reasons
Share of profits and losses of associates and joint ventures	703	494	42.3%	Mainly due to the increase in net profit of associates
Net insurance finance expenses for insurance contracts issued	(17,156)	(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	(1,605)	(2,377)	(32.5%)	Mainly due to the impairment provision of investment assets
Income tax	(536)	(2,565)	(79.1%)	Mainly due to the impact of income tax policy implications of the shift in insurance industry accounting standards

Management Discussion and Analysis

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

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⁽¹⁾ 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.

Management Discussion and Analysis

(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⁽¹⁾ 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%.

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.

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%.

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	91,965	69,516	32.3%
– Traditional	78,939	59,097	33.6%
– Participating	12,845	10,231	25.5%
– Universal	181	188	(3.7%)
Accident insurance	448	497	(9.9%)
Health insurance	10,198	10,441	(2.3%)
GWPs	102,611	80,454	27.5%

(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 (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 (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 (陽光人壽臻悅倍致終身壽險)	Traditional life insurance	5,163	Bancassurance
5	Sunshine Life Insurance Sunshine Rise B Whole Life (陽光人壽陽光升B款終身壽險)	Traditional life insurance	4,434	Individual insurance

Management Discussion and Analysis

4. Premium Persistency Ratio

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

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%
Subtotal	52,812	39,790	32.7%
Subtotals of other regions	49,799	40,664	22.5%
GWPs	102,611	80,454	27.5%



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.

Management Discussion and Analysis

(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
Insurance service results	4,897	4,841	1.2%
Including: Insurance revenue	16,636	15,742	5.7%
Insurance service expenses	(11,586)	(10,939)	5.9%
Investment results	5,037	6,727	(25.1%)
Including: Total investment income ⁽¹⁾	21,186	17,249	22.8%
Others⁽²⁾	(3,737)	(5,855)	(36.2%)
Net profit	6,197	5,713	8.5%

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
Insurance revenue	16,636	15,742	5.7%
Non-premium allocation approach	15,114	14,036	7.7%
Premium allocation approach	1,522	1,706	(10.8%)

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
Insurance service expenses	11,586	10,939	5.9%
Non-premium allocation approach	10,029	9,125	9.9%
Premium allocation approach	1,557	1,814	(14.2%)

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%.



Management Discussion and Analysis

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

Unit: RMB in millions, except for percentages

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 ⁽¹⁾	3,775	3,576	5.6%
Total	47,888	47,821	0.1%

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 ⁽¹⁾	30.4%	31.3%	(0.9pt)
Underwriting loss ratio ⁽²⁾	71.7%	68.4%	3.3pt
Underwriting combined ratio	102.1%	99.7%	2.4pt
Underwriting combined ratio (excluding guarantee insurance)	98.9%	99.9%	(1.0pt)

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

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

1. Business by insurance type

Unit: RMB in millions, except for percentages

For the year ended December 31, 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	3,775	9,012,008	3,810	3,761	14	99.6%



Management Discussion and Analysis

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,

Management Discussion and Analysis

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

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”.

Management Discussion and Analysis

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 ⁽¹⁾	(41)	(165)	(75.2%)
Net insurance finance expenses for insurance contracts issued and others ⁽²⁾	(495)	(621)	(20.3%)
Underwriting profit ⁽³⁾	(1,026)	123	N/A
Underwriting profit (excluding guarantee insurance) ⁽³⁾	487	70	595.7%
Underwriting combined ratio	102.1%	99.7%	2.4pt
Underwriting combined ratio (excluding guarantee insurance)	98.9%	99.9%	(1.0pt)

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.

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.

Unit: RMB in millions, except for percentages

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

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	48,821	47,334	3.1%
Automobile insurance	25,533	26,138	(2.3%)
Non-automobile insurance	23,288	21,196	9.9%

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.

Management Discussion and Analysis

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

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.

Management Discussion and Analysis

(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	178,390	27.9%	137,579	25.1%
Financial assets at fair value through other comprehensive income	383,632	59.9%	360,005	65.6%
Financial assets at amortised cost and others ⁽¹⁾	78,173	12.2%	50,995	9.3%
Investment assets (total)	640,195	100%	548,579	100%

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 ⁽¹⁾	19,827	19,188	3.3%
Realised gains	3,606	2,017	78.8%
Gains or losses on changes in fair value	3,481	2,110	65.0%
Impairment loss on investment assets	(1,684)	(3,461)	(51.3%)
Total investment income⁽²⁾	25,230	19,854	27.1%
Changes in other comprehensive income	7,211	9,925	(27.3%)
Comprehensive investment income⁽³⁾	32,441	29,779	8.9%
Net investment yield (%)^{(1) (4)}	3.7	4.2	(0.5pt)
Total investment yield (%)^{(2) (4)}	4.8	4.3	0.5pt
Comprehensive investment yield (%)^{(3) (4)}	6.1	6.5	(0.4pt)

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.

Management Discussion and Analysis

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.

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%.

(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

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

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 (組合類保險資產產品金牛獎)". 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, 2025	December 31, 2024
Gearing Ratio ⁽¹⁾	90.4%	89.1%

Note 1: gearing ratio = total liabilities/total assets

2. Statement of Cash Flows

Unit: RMB in millions, except for percentages

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

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.

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.

Management Discussion and Analysis

(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

	December 31, 2025	December 31, 2024	Increase/ Decrease
The Group			
Core capital	85,126	89,726	(5.1%)
Actual capital	122,762	128,630	(4.6%)
Minimum capital	62,671	56,619	10.7%
Core solvency ratio (%)	136	158	(22pt)
Comprehensive solvency ratio (%)	196	227	(31pt)
Sunshine Life			
Core capital	58,731	65,483	(10.3%)
Actual capital	90,691	98,630	(8.0%)
Minimum capital	53,487	47,844	11.8%
Core solvency ratio (%)	110	137	(27pt)
Comprehensive solvency ratio (%)	170	206	(36pt)
Sunshine P&C			
Core capital	15,042	13,792	9.1%
Actual capital	20,719	19,547	6.0%
Minimum capital	8,738	8,379	4.3%
Core solvency ratio (%)	172	165	7pt
Comprehensive solvency ratio (%)	237	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 32 to the consolidated financial statements of this report.

(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 31 to the consolidated financial statements of this report.

(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.

Management Discussion and Analysis

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 its 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:

For the year ended/ending December 31	2025	Unit: RMB in millions	
		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)	1,066	1,310	1,436

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.

Management Discussion and Analysis

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,

Management Discussion and Analysis

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.

Details of the Group's related party transactions are set out in the consolidated financial statements and Note 42. Save as the connected transactions and continuing connected transactions disclosed in this report, 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 report, 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.

Management Discussion and Analysis

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") (thereafter referred to as "the EV Assessment Standard"), as well as general accepted actuarial principles and relevant laws and regulations. We have engaged KPMG Advisory (China) Limited Beijing Branch to review the reasonableness of the valuation methodology, the valuation assumptions as well as the valuation results of embedded value and value of new business of the Company as of December 31, 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 are 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.

EMBEDDED VALUE REPORT

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

2. Value of one year's new business

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

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

Valuation Date	December 31, 2025	December 31, 2024
Total of Sunshine Life	7,638	5,153
Of which: Individual insurance	2,083	1,758
Bancassurance	4,720	2,868

EMBEDDED VALUE REPORT

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):

Items	Amount
1. Embedded value of Sunshine Life at beginning of period	93,319
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)
10. Embedded value of Sunshine Life at end of period	96,033
11. Adjusted net worth of the Group's other business at end of period	26,178
12. Adjustment for minority shareholders' interest	(1,430)
13. Embedded value of Sunshine Insurance Group at end of period	120,780

Notes: Items of change are explained below

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

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

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

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

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

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

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

Item 9. Other miscellaneous items.

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

V. SENSITIVITY TESTS

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

Scenario	Sunshine Life's value of in-force business after cost of capital	Sunshine Life's value of one year's new business after cost of capital
Base Scenario	48,951	7,638
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)	48,470	7,263

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 person to 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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

OVERVIEW OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Name	Month and year of birth	Position	Date of appointment
ZHANG Weigong (張維功)	December 1963	Executive Director, Chairman of the Board	August 2007
LI Ke (李科)	September 1964	Executive Director	September 2012
PENG Jihai (彭吉海)	March 1970	Executive Director	August 2015
CAI Qiwu (蔡其武)	June 1963	Non-executive Director	August 2023
WANG Jingwei (王京偉)	September 1978	Non-executive Director	December 2018
CHEN Yong (陳勇)	March 1971	Non-executive Director	August 2023
QIAN Yiqun (錢毅群)	October 1978	Non-executive Director	August 2023
HOU Huisheng (侯惠勝)	November 1982	Non-executive Director	August 2023
LIU Zhanqing (劉湛清)	June 1965	Independent Non-executive Director	December 2018
JIA Ning (賈寧)	May 1980	Independent Non-executive Director	November 2021
WU Xiaoqiu (吳曉球)	February 1959	Independent Non-executive Director	August 2023
HONG Qi (洪崎)	January 1957	Independent Non-executive Director	October 2023
XU Ying (徐瑩)	February 1969	Independent Non-executive Director	August 2024

Notes:

- The above table set out the profiles of the Directors of the Company as at the end of the Reporting Period. For details of Directors' positions in the special committees under the Board, please refer to the section headed "Corporate Governance Report" in this annual report.
- On December 12, 2024, the Board of the Company considered and approved the "Proposal on the Nomination of Candidate for Independent Director of the Sixth Session of the Board of the Company". Due to the expiry of the term of office of Mr. LIU Zhanqing, an independent non-executive Director of the Company in December 2024, the Board nominated Mr. DONG Bin as a candidate for independent non-executive Director of the sixth session of the Board of the Company. On June 17, 2025, following the approval by the Shareholders at the annual general meeting, Mr. DONG Bin was appointed as an independent non-executive Director of the sixth session of the Board. On March 4, 2026, Mr. DONG Bin obtained the legal advice as stipulated in Rule 3.09D of the Hong Kong Listing Rules and understood his responsibilities as a Director of the Company. On March 4, 2026, following the approval by the National Financial Regulatory Administration, Mr. DONG Bin served as an independent non-executive Director of the Company. For biography and other information of Mr. DONG Bin, please refer to the relevant announcement of the Company dated March 4, 2026.
- The Company received the resignation letters from Mr. ZHAO Zongren and Mr. WANG Yongwen, executive Directors, on March 26, 2025. Mr. ZHAO Zongren has tendered his resignation to the Board as an executive director and vice chairman of the Company due to age reason. Mr. WANG Yongwen has tendered his resignation to the Board as an executive director of the Company, a member and the chairman of the Risk Management Committee of the Board due to age reason. The Board of the Company held the meeting on March 26, 2025, at which the Proposal on the Nomination of Candidate for Executive Director of the Sixth Session of the Board of the Company was considered and approved. The Board nominated Mr. WANG Xiaopeng as a candidate for executive Director of the sixth session of the Board of the Company. On June 17, 2025, following the approval by the Shareholders at the annual general meeting, Mr. WANG Xiaopeng was appointed as an executive Director of the sixth session of the Board. On January 29, 2026, Mr. WANG Xiaopeng obtained the legal advice as stipulated in Rule 3.09D of the Hong Kong Listing Rules and understood his responsibilities as a Director of the Company. On January 29, 2026, following the approval by the National Financial Regulatory Administration, Mr. WANG Xiaopeng served as the executive Director of the Company. For the biography and other information of Mr. WANG Xiaopeng, please refer to the relevant announcement of the Company dated January 30, 2026.

Supervisors

Name	Month and year of birth	Position	Date of appointment
ZHUANG Liang (莊良)	July 1963	Employee Supervisor, Chairman of the Board of Supervisor	December 2020
ZHANG Di (張迪)	February 1984	Shareholder Supervisor	June 2022
WANG Zhe (王哲)	November 1981	External Supervisor	November 2021

Senior Management

Name	Month and year of birth	Position	Date of appointment
ZHANG Weigong (張維功)	December 1963	Chief Executive Officer	August 2007
LI Ke (李科)	September 1964	Joint Chief Executive Officer	March 2023
		General Manager	March 2013
PENG Jihai (彭吉海)	March 1970	Joint Chief Executive Officer	March 2023
		Chief Investment Officer	October 2020
		Head of Investment	July 2015
		Deputy General Manager	May 2014
		Chief Financial Officer	January 2010
XIA Fangchen (夏芳晨)	March 1965	Deputy General Manager	July 2016
WANG Xiaopeng (王霄鵬)	December 1973	Deputy General Manager	February 2024
		Chief Auditor	February 2024
LIU Yingchun (劉迎春)	April 1969	Deputy General Manager	April 2025
MAO Dan (毛丹)	December 1973	Chief Actuary	May 2025
LI Wei (李偉)	May 1973	Assistant to General Manager	July 2016
NIE Rui (聶銳)	June 1968	Chief Compliance Officer	December 2025
		Secretary to the Board	November 2023
		Chief Risk Officer	July 2015
YANG Xueli (楊學理)	June 1975	Assistant to General Manager	February 2022

Note:

The above table set out the profiles of the senior management of the Company as at the end of the Reporting Period.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

BIOGRAPHIES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND JOINT COMPANY SECRETARIES

Directors

Executive Directors

Mr. ZHANG Weigong, the founder of the Company, born in December 1963, obtained a Master's Degree in Business Administration from Tsinghua University (清華大學). He is currently the chairman, an executive director and the chief executive officer of the Company, and the chairman of Sunshine Asset Management Corporation Limited ("**Sunshine AMC**"). Mr. Zhang resigned and started his own business in May 2004 and founded the Company in July 2005. He has served as the chairman and general manager of Sunshine Property & Casualty Insurance Co., Ltd. ("**Sunshine P&C**") and the chairman and general manager of Sunshine Life Insurance Corporation Limited ("**Sunshine Life**"). Before founding the Company, Mr. Zhang served as the secretary of the Party Committee and director of the Guangdong Bureau of China Insurance Regulatory Commission (the "**CIRC**") (中國保險監督管理委員會廣東監管局), the secretary of the Party Committee and head of the Nanjing Special Commissioner's Office of CIRC (中國保監會南京特派員辦事處), the deputy general manager of Shandong Branch and the general manager of Weifang Branch of the People's Insurance Company of China (中國人民保險公司) (now known as the People's Insurance Company (Group) of China Limited), among other positions.

Mr. LI Ke, born in September 1964, obtained a Master's Degree in Business Administration from Tsinghua University (清華大學). He is currently an executive director, joint chief executive officer and the general manager of the Company. Mr. Li has served as the joint chief executive officer of the Company since March 2023, the chairman of Sunshine P&C since October 2015, the chairman of Sunshine Life since June 2015, the general manager of the Company since March 2013 and an executive director of the Company since September 2012. Mr. Li has served as a deputy general manager of the Company, the vice chairman and the deputy general manager of Sunshine P&C, among other positions. Prior to joining the Company, Mr. Li served as the deputy general manager of Shandong Branch of PICC Property and Casualty Company Limited.

Mr. PENG Jihai, born in March 1970, obtained a Master's Degree in Business Administration from Tsinghua University (清華大學). He is a Certified Public Accountant. He is an executive director, joint chief executive officer, deputy general manager, chief financial officer, head of investment and chief investment officer of the Company. Mr. Peng has served as the joint chief executive officer of the Company since March 2023, the chairman of 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)) since May 2021, and the chief investment officer of the Company since October 2020, the general manager of Sunshine AMC since October 2019, an executive director of the Company

since August 2015, a deputy general manager of the Company since May 2014 and chief financial officer of the Company since January 2010. He has served as the general manager of the Finance Department of the Company ,among other positions. Prior to joining the Company, Mr. Peng served as the chief financial officer of ING Capital Life Insurance Company Limited (首創安泰人壽保險有限公司) and the deputy general manager of Jingfang Investment Management Company under Beijing Capital Group (北京首創集團京放投資管理公司).

Mr. WANG Xiaopeng, born in December 1973, obtained an EMBA from the University of International Business and Economics. He is an executive director, the deputy general manager and chief auditor of the Company. Mr. Wang has served as an executive director of the Company since January 2026, and the deputy general manager and chief auditor of the Company since February 2024. Currently, he is also a director of Sunshine P&C. Mr. Wang joined the Company in December 2007 and served as the assistant to the general manager, the deputy general manager (served as the deputy general manager of Sunshine P&C (acting as the head) from July 2021 to July 2022) of Sunshine P&C, and the assistant to the general manager, the deputy general manager and the general manager of the Anhui Branch of Sunshine P&C.

Non-executive Directors

Mr. CAI Qiwu, born in June 1963, obtained a Master's Degree in Machinery Manufacturing from Huazhong University of Technology. Mr. Cai has served as a non-

executive director of the Company since August 2023 and the chief strategy officer of Beijing Bangchen Zhengtai Investment Co., Ltd. since June 2020, the chairman and an executive director of Guangdong Yuxiang Investment Co., Ltd. since September 2015, a non-executive director of the Company from April 2021 to April 2022. Mr. Cai has served as the vice president of Midea Group Co., Ltd., the chief executive officer of Midea Electromechanical Group under Midea Group Co. Ltd., the president of Guangdong Meizhi Refrigeration Equipment Co., Ltd. and an engineer, chief engineer, the chief of the Development Section and the deputy general manager of Technology of Guangdong Midea Refrigeration Equipment Co., Ltd.

Mr. WANG Jingwei, born in September 1978, obtained a Master's Degree in Business Administration from the Chinese University of Hong Kong. He has served as a non-executive Director of the Company since December 2018 and a senior consultant of Ruiteng Yihong since July 2018. He has successively served as an assistant to the Dean of PBC School of Finance and the director of Finance EMBA and Executive Education Centre of Tsinghua University from June 2012 to June 2019. Mr.Wang has served as an independent director of China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司), and has served as an independent director of Xinjiang Haoyuan Natural Gas Co., Ltd. (新疆浩源天然氣股份有限公司), and was the director of the Marketing Division, the EMBA Education Centre of School of Economics and Management, Tsinghua University.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. CHEN Yong, born in March 1971, obtained a Master's Degree in Business Administration from Southwest Jiaotong University. He is a senior accountant. He has served as a non-executive Director of the Company since August 2023. Mr. Chen has served as the chief accountant of China Energy Engineering Corporation Limited since July 2025, a director and the financial officer of China State Owned Enterprise Structural Adjustment Fund Phase II Co., Ltd. since August 2021, a director and financial officer of China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. since November 2020, and a director and the financial officer of China Structural Reform Fund Co., Ltd. since March 2020. Mr. Chen has served as the chief accountant of China Chengtong Holdings Group Ltd., a director of China Green Development Investment Group Co., Ltd., a director, deputy general manager and chief financial officer of CSR Ziyang Locomotive Co., Ltd., the deputy director and director of the Audit and Risk Department of CSR Corporation Limited, and the director of the Finance Department and the director of the Financial Management Department of CRRC Group Company Limited.

Ms. QIAN Yiqun, born in October 1978, obtained a Master's Degree in Business Administration from Shanghai University of Finance and Economics and is a Certified Public Accountant. Ms. Qian has served as a non-executive director of the Company since August 2023 and the vice president of Everrising Holdings Co., Ltd. since 2021, and the head of Financial Management Department of Everrising Holdings Co., Ltd. since 2014. Ms. Qian has served as the head of Audit Department of Jiangsu Yonggang Group Co., Ltd., and successively

served as the financial accountant, assistant and head of the Audit Section of Jiangsu Yonggang Group Co., Ltd.

Mr. HOU Huisheng, born in November 1982, obtained a Master's Degree in Business Administration from Tsinghua University. Mr. Hou is an employee director of the Company. Mr. Hou has served as an employee director of the Company since August 2023. He joined the Company in October 2008 and has served as a senior supervisor of the Financial Department, the assistant to the General Manager and a Deputy General Manager of the Company ,among other positions.

Independent Non-executive Directors

Ms. JIA Ning, born in May 1980, obtained a Doctorate Degree in Business Administration from Stanford University in the United States. Ms. Jia has served as an independent non-executive director of the Company since November 2021. She has been the professor at the Department of Accounting of the School of Economics and Management of Tsinghua University since December 2025, and has been the lecturer and associate professor at the Department of Accounting of the School of Economics and Management of Tsinghua University.

Mr. WU Xiaoqiu, born in February 1959, obtained a Doctor's Degree in Economics from Renmin University of China. Mr. Wu has served as an independent non-executive director of the Company since August 2023. He is currently the President of the National Institute of Financial Research, the President of China Institute of Capital Market Research at Renmin University of China and the National first-grade Professor of Humanities and

Social Sciences, and he has served as an independent director of Shanghai Pudong Development Bank Co., Ltd. since August 2024. Mr. Wu is a renowned Chinese economist who was appointed as the Professor of Economics at Renmin University of China in June 1993. He has served as the Vice President of Renmin University of China.

Mr. HONG Qi, born in January 1957, obtained a Doctor's Degree in Economics from Renmin University of China. Mr. Hong has served as an independent non-executive director of the Company since October 2023. He joined China Minsheng Banking Corp., Ltd. in June 1995 and served as the vice president, the president, the executive director and the chairman of Minsheng Bank. Mr. Hong has served as the president and Secretary of Leading Party Members' Group of the Beihai Branch of Bank of Communications, and the deputy director of the Securities Research Institute of Renmin University of China.

Mr. XU Ying, born in February 1969, obtained a Master's Degree in Law from Indiana University in the United States. He is a practicing lawyer in China. Mr. Xu has served as an independent non-executive director of the Company since August 2024. Mr. Xu has been a founding partner and lawyer of Beijing Jia Yuan Law Offices since January 2000, and has been registered with the Law Society of Hong Kong as a foreign lawyer of Jia Yuan Law Offices since March 2020. Prior to that, Mr. Xu worked at Beijing Jingwei Law Firm and Law Offices of Jiahe.

Mr. DONG Bin, born in May 1977, obtained a Doctorate Degree in Management Science and Engineering from China University of Mining and Technology. Mr. Dong has served as an independent non-executive director of the Company since March 2026. He is currently the chief representative of the Sino-International Entrepreneurs Federation, and also holds the positions as an independent director of Hangxiao Steel Structure Co., Ltd., the chairman of Beijing Junwangfu Culture and Art Co., Ltd. (北京郡王府文化藝術有限公司), the honorary president of Beijing Chaoyang District Association for International Economic Cooperation and Beijing Chaoyang District Association of Foreign-Invested Enterprises, the director of the Group of Twenty Research Center, the chairman of the board of directors of Outlets Group Holdings Limited and an executive member of the Beijing Chaoyang District Federation of Industry and Commerce; and he serves concurrently as the chairman of the organising committees of the China-Europe, the China-Africa, China-Australia, China-Arab States and China-Japan Entrepreneurs Summits, among others. Mr. Dong served as an executive director and the vice-chairman of the board of directors of KNT Holdings Limited, an executive director of Jimu Group Limited, the general manager of the International Cooperation Department of Beijing Capital Group (served at the Capital Account Management Department of the State Administration of Foreign Exchange on secondment during the period), the special assistant to the Secretary-General of the Boao Forum for Asia, the international marketing director of Beijing Urban Construction Group Co., Ltd., the managing director of Beijing Urban Construction Debo Construction Technology Co., Ltd. (北京城建德博建築技術有限公司), etc.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Supervisors

Mr. ZHUANG Liang, born in July 1963, obtained a Bachelor's Degree in Electronic Instruments and Measurement Technology from Shenyang University of Technology (瀋陽工業大學) and a Bachelor's Degree in Industrial Economics Management from Southeast University (東南大學). He is the chairman of the Board of Supervisors and the Employee Supervisor of the Company. Mr. Zhuang has served as the chairman of the Board of Supervisors and a Supervisor of the Company since December 2020. He has served as a quality control expert of the Company's elderly care and real estate center since April 2025. Mr. Zhuang joined the Company in May 2004 and served as a quality control expert of the Company's medical real estate center, the general manager of the Company's tendering, procurement and logistic center, the general manager of Logistic Department and the general manager of the Human Resources and Administration Department and the office chief director of Sunshine P&C, Jiangsu Branch and other positions. Prior to joining the Company, Mr. Zhuang has served as the section director of Nanjing Insurance Regulatory Office of CIRC (中國保監會南京保監辦), and has worked at Jiangsu Insurance Association (江蘇省保險行業協會).

Ms. ZHANG Di, born in February 1984, obtained a Master's Degree in Public Policy from the University of Chicago in the United States. She has served as a Supervisor of the Company since June 2022. Ms. Zhang has served as the supervisor of Jiangsu Tiancheng since October 2021, the executive director and general manager of Hainan Hongde Ruilian Private Equity Fund Management Co., Ltd. (海南弘德瑞聯私募基金管理有限公司) since October 2021 and the executive director of the investment division of Huashan Ruilian Fund Management Co., Ltd. since May 2014. Ms. Zhang has worked at Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司).

Ms. WANG Zhe, born in November 1981, obtained an EMBA from Cheung Kong Graduate School of Business (長江商學院). Ms. Wang has served as an external supervisor of the Company since November 2021. She has been the operation director of the EMBA project, and the director for the North China Region of the Alumni Affairs Department and Development Department of Cheung Kong Graduate School of Business (長江商學院) since November 2025. She was the director of the EMBA project, a deputy director of the Alumni Affairs Department and Development Department of Cheung Kong Graduate School of Business (長江商學院) and a teacher at the Affiliated College of Nationalities of Hebei Normal University (河北師範大學附屬民族學院).

Senior Management

For the biographies of **Mr. ZHANG Weigong**, **Mr. LI Ke**, **Mr. PENG Jihai** and **Mr. WANG Xiaopeng**, please refer to the paragraphs headed "Executive Directors" above.

Mr. XIA Fangchen, born in March 1965, obtained a Doctorate Degree in Public Finance from Dongbei University of Finance and Economics. He has served as the deputy general manager of the Company since July 2016. Mr. Xia joined the Company in December 2015, and served as the director of the Labor Union of the Company from May 2020 to March 2026. Prior to this, Mr. Xia has served as the director of equity of Shandong Social Security Fund Committee (山東省社會保障基金理事會), deputy mayor of Weifang, Shandong Province, and the director of the Finance Bureau of Weifang, Shandong Province (山東省濰坊市財政局).

Mr. LIU Yingchun, born in April 1969, obtained a Master's Degree in Business Administration from Peking University. He is the deputy general manager of the Company. Mr. Liu has served as the deputy general manager of the Company since April 2025. Currently, he is also the deputy general manager, the head of investment and the chief investment officer of Sunshine P&C. He joined the Company in December 2005, served as the assistant to the general manager of the Company from May 2022 to April 2025, and served as the assistant to the general manager of Sunshine P&C, the deputy general manager (acting as the head) and the general manager of Sunshine P&C, Henan Branch, and the deputy general manager, the general manager and other positions of Sunshine P&C, Nanyang Central Sub-branch.

Mr. MAO Dan, born in December 1973, obtained a Master's Degree in Applied Mathematics from Fudan University (復旦大學). He has served as the chief actuary of the Company since May 2025. Currently, he is also a director of Sunshine Life. Since joining the Company in February 2019, Mr. Mao has served as the actuarial director, general manager of the actuary department, general manager of the risk management department of the Company, among other positions. Prior to joining the Company, Mr. Mao has served as the chief actuary of Allianz China Life Insurance Co., Ltd., the chief risk officer of ICBC-AXA Assurance Co., Ltd. and the chief risk officer of AXA-Minmetals Assurance Co., Ltd., among other positions.

Mr. LI Wei, born in May 1973, obtained a Bachelor's Degree in Insurance from Nankai University (南開大學). He has served as an assistant to general manager of the Company since July 2016. Currently, he is also a director of Sunshine Life and a director of Sunshine Surety. Mr. Li joined the Company in July 2005 and served as the deputy general manager of Sunshine P&C, the director of the office of the chairman of the Board of the Company, the assistant to general manager of Sales Management Department, Planning and Actuarial Department and Planning Department of Sunshine P&C and the deputy general manager and general manager of the Sales and Management Department of Sunshine P&C, Shandong Branch. Prior to joining the Company, Mr. Li has served as the section director of PICC, Shandong branch.

Mr. NIE Rui, born in June 1968, obtained a Master's Degree in Law from Peking University and holds the qualification of lawyer issued by the Ministry of Justice of the PRC. He has served as the chief compliance officer of the Company since December 2025, secretary to the Board of the Company since November 2023, chief risk officer of the Company since July 2015, and general counsel of the Company since May 2011. Currently, he is also an executive director, the deputy general manager and chief auditor of Sunshine AMC, director of Sunshine Life, a director of Sunshine P&C and a director of Sunshine Surety. Mr. Nie served as the executive director and the head of compliance of the Company. Prior to joining the Company, Mr. Nie has served as a partner of Guantao Law Firm (觀韜律師事務所).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. YANG Xueli, born in June 1975, obtained a Master's Degree in Engineering with a major in Software Engineering from the University of Electronic Science and Technology of China (電子科技大學) in Sichuan Province. He has been the assistant to the general manager of the Company since February 2022. Currently, he is also a supervisor and the chairman of the board of supervisors of Sunshine P&C. Mr. Yang joined the Company in July 2005 and served as the general manager of the Human Resources Department, director of the office and deputy director of the office of the Chairman of the Company, served as the deputy general manager of the Human Resources and Administration Department of Sunshine P&C, Chongqing Branch, among other positions. Prior to joining the Company, Mr. Yang has served as the director of the Technology Department of the Business Centre, a secretary to the Party Committee's office and the office of China Life Insurance Company Limited, Chongqing Branch (中國人壽保險股份有限公司重慶分公司), among other positions.

JOINT COMPANY SECRETARIES

Mr. SHU Gaoyong, obtained a Doctorate Degree in Finance from Renmin University of China and holds the certificate of Certified Public Accountant issued by the Ministry of Finance. He has been appointed as the joint company secretary of the Company since January 2024. Mr. Shu joined the Company in July 2021 and has been serving as the head of securities affairs of the Company since joining the Company. Prior to joining the Company, Mr. Shu has served as a director, the vice president and secretary to the Board of Oceanwide Holdings Co., Ltd. (泛海控股股份有限公司), the deputy director and secretary of the Disciplinary Committee of the Shanghai Bureau of the former CIRC (原中國保監會上海監管局) and the deputy division director,

division director and deputy director of the Policy and Regulation Department, the Development and Reform Department and the Policy Research Office of the former CIRC, among other positions.

Mr. LAU Kwok Yin, obtained a Bachelor's Degree in Business Administration (Accounting and Finance) from the University of Hong Kong, was appointed as the joint company secretary of the Company in April 2022. Mr. Lau has more than 15 years of experience in corporate secretarial services, finance and banking operations. Mr. Lau is serving as the company secretary or joint company secretary of several companies listed on the Stock Exchange. He is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst Charter holder, and a fellow of each of The Chartered Governance Institute and the Hong Kong Chartered Governance Institute (previously known as The Hong Kong Institute of Chartered Secretaries).

Other information relating to Mr. WANG Jingwei as required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules has been set out in the Prospectus. For details, please refer to the relevant contents in relation to the disciplinary actions and administrative penalties of Mr. WANG Jingwei under the section headed "Disclosure Under Rule 13.51(2) of Hong Kong Listing Rules" under the chapter headed "Directors, Supervisors and Senior Management". The Board of the Company is of the view that the aforesaid matters will not affect their suitability to act as directors of the Company. As at the Latest Practicable Date, there has been no change to such information.

CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

Changes of Directors and their Information

As the term of office of the sixth session of the Board of the Company will expire soon, the Board held the meeting on April 7, 2026, at which the “Proposal on the Nomination of Candidates for Directors of the Seventh Session of the Board” was considered and approved. The Board nominated Mr. ZHANG Weigong, Mr. LI Ke, Mr. PENG Jihai, Mr. WANG Xiaopeng and Mr. LIU Yingchun as candidates for executive directors of the seventh session of the Board of the Company, Mr. CAI Qiwu, Mr. XING Junxiang (邢軍翔), Mr. CHEN Xinwei (陳欣慰) and Ms. QIAN Yiqun as candidates for non-executive directors of the seventh session of the Board of the Company, and Ms. JIA Ning, Mr. WU Xiaoqiu, Mr. HONG Qi, Mr. XU Ying and Mr. DONG Bin as candidates for independent non-executive directors of the seventh session of the Board of the Company, which will be further submitted to the shareholders’ meeting for election.

The Company held the employee representatives’ meeting on April 7, 2026 to elect Mr. HOU Huisheng as the employee director of the Company, who will form the seventh session of the Board of the Company, together with the directors to be elected at the shareholders’ meeting of the Company. For details of the election of the Board, please refer to the announcement of the Company dated April 7, 2026.

Changes of Supervisors and their Information

As the term of office of the sixth session of the Board of Supervisors of the Company will expire soon, the Board of Supervisors held the meeting on April 7, 2026, at which the “Proposal on the Nomination of Candidates for Supervisors of the Seventh Session of the Board of Supervisors” was considered and approved. The Board of Supervisors nominated Mr. PAN Hui (潘輝) as a candidate for shareholder supervisor of the seventh session of the Board of Supervisors of the Company, and Ms. WANG Zhe as a candidate for external supervisor of the seventh session of the Board of Supervisors of the Company, which will be further submitted to the shareholders’ meeting for election.

The Company held the employee representatives’ meeting on April 7, 2026 to elect Ms. YANG Dan (楊丹) as the employee supervisor of the Company, who will form the seventh session of the Board of Supervisors of the Company, together with the supervisors to be elected at the shareholders’ meeting of the Company. For details of the election of the Board of Supervisors, please refer to the announcement of the Company dated April 7, 2026.

Save as disclosed above, during the period between September 29, 2025 (being the date of the announcement of the 2025 interim report of the Company) and the Latest Practicable Date, except as otherwise disclosed in this report, pursuant to Rule 13.51B(1) of the Listing Rules, there has been no other change in the information required to be disclosed under paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules in respect of the Directors, Supervisors and the Chief Executive Officer of the Company.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Employees

As of the end of the Reporting Period, we had 45,748 employees.

By position

	Number of employees	Percentage of total number of employees (%)
Management	5,240	11.5
Professional staff	15,615	34.1
Salespeople	24,893	54.4
Total	45,748	100

By age

	Number of employees	Percentage of total number of employees (%)
30 and under	9,084	19.9
31 to 40	24,680	53.9
41 to 50	9,884	21.6
51 and above	2,100	4.6
Total	45,748	100

By educational accomplishment

	Number of employees	Percentage of total number of employees (%)
Master's degree or above	2,047	4.5
Bachelor's degree	22,547	49.3
Others	21,154	46.2
Total	45,748	100

We have invested substantial efforts and resources in recruiting and training our employees. In addition to our recruitment process and internal referrals, we also recruit talent through professional recruiting firms and other third parties. In light of the current state of employee quality of the company and the prospective benefits of talent cultivation in the long-term, we carry out strategy-oriented and business-oriented training to enhance the capability and quality of our managers and employees at all levels to meet our development needs at different stages.

We are committed to establishing a competitive and fair remuneration and benefits system. To effectively motivate our employees through remuneration incentives and ensure that our employees receive market-competitive remuneration packages, we continue to improve our remuneration and incentive policies based on market research and reference to our competitors. We conduct a performance evaluation for our employees semi-annually to provide feedback on performance and assessment of strength and weakness. Compensation for our employees typically consists of basic salary, job subsidy and other allowances (such as parental support allowances), performance-based bonus and year-end bonus.

We provide our employees with basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident funds under relevant PRC laws and regulations. We manage our employee benefits system prudently and continue to improve it. We also provide other benefits to our employees such as annual leave, commercial insurance and health examinations.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report for the year ended December 31, 2025 and the audited financial statements of the Group for the year ended December 31, 2025.

BUSINESS REVIEW

Principal Activities

As a fast-growing, privately owned insurance group in the PRC, we carry out our life and health insurance business through Sunshine Life, offering diversified products covering life insurance, health insurance and accident insurance. We carry out our property and casualty insurance business mainly through Sunshine P&C, offering property and casualty insurance products covering automobile insurance, accident and short-term health insurance, guarantee insurance, liability insurance, agriculture insurance and commercial property insurance. We primarily manage our insurance funds through Sunshine AMC.

Business Review and Analysis Using Financial Key Performance Indicators

Please refer to the section “Management Discussion and Analysis” of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are of the view that the establishment and implementation of sound environmental, social and governance principles and practices will help enhance the value of the Company’s investments, and provide long-term returns for our stakeholders. The Board has established an ESG (Environmental, Social responsibility, Corporate governance) committee (“**ESG committee**”) comprising our independent non-executive Directors, executive Directors and employee Director. Our ESG committee is responsible for formulating the Company’s Environmental, Social and Governance (“**ESG**”) strategies, policies and procedures and managing ESG

risks. ESG-related issues are among our key agenda. Under the supervision of the Board, the ESG Committee identifies and monitors ESG-related risks, such as environment-related risks and social sustainability risks in the short, medium and long term, and strives to integrate ESG-related issues into our business, strategy and financial planning.

In addition, the ESG committee closely monitors the latest environmental, social and governance laws and regulations and updates our environmental, social and governance measures accordingly to ensure that we comply with the latest regulatory laws and regulations. We also monitor the environmental, social and governance policies and development trends, and continue to conduct in-depth research on ESG-related issues, including sustainable investment, climate risk, new energy vehicle insurance, carbon market, green finance, etc. The research results and reports are released to all our employees through the internal research platform of the Company to promote the promotion of ESG concepts and knowledge popularization.

Details of the Company’s environmental protection, social responsibility and employee care are set out in the Company’s 2025 Sustainability Report dated April 27, 2026 prepared in accordance with the requirements of Appendix C2 to the Hong Kong Listing Rules and published on the websites of the Hong Kong Stock Exchange and the Company.

COMPLIANCE WITH RELATED LAWS AND REGULATIONS

As an H-share company incorporated in the PRC and listed on the Main Board of the Hong Kong Stock Exchange, the Company is regulated by the PRC Company Law, the PRC Insurance Law, as well as the Hong Kong Listing Rules, the SFO and other relevant laws and regulations in the PRC and abroad.

As the most important law in the regulatory and legal framework for the PRC insurance industry, the PRC Insurance Law covers general principles, insurance contracts, insurance companies, insurance operational rules, insurance agencies and insurance brokers, supervision and regulation of the insurance industry, legal liabilities and supplementary provisions. The insurance supervision and regulatory authority has promulgated a series of departmental rules and regulations and other regulatory documents based on the PRC Insurance Law, which cover almost all aspects of insurance operations, thereby establishing a preliminary regulatory framework with three parallel pillars, supervision on corporate governance, supervision on market conduct and supervision on solvency. Supervision of corporate governance includes the establishment of insurance companies, equity management, the operation of "General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Senior Management", appointment and performance supervision of directors, supervisors and senior management, and laws and regulations relating to information disclosure, related party transactions, and risk internal control mechanism construction. The governance structure of insurance companies is constantly improved to prevent their operating risks fundamentally and enhance the efficiency of insurance supervision. Supervision of market conduct includes laws and regulations on the businesses of insurance companies, reinsurance business, personnel and use of insurance funds in the insurance industry. The insurance supervision authorities gradually establish and improve the codes of market conduct to impose penalties for non-compliance and promote legal operation and fair competition, driving the normative development of the insurance industry. Supervision of solvency includes laws and regulations on the China Risk-Oriented Solvency System (C-ROSS), capital supplementary bonds and subordinated debts, etc.

Meanwhile, as a company listed on the Main Board of the Hong Kong Stock Exchange, the Company is therefore subject to the Hong Kong Listing Rules and shall comply with relevant rules under the SFO, including but not limited to the following obligations: maintaining a register of interests and short positions in shares and a register of interests and short positions in shares held by Directors, Supervisors and chief executive, disclosing inside information, etc.

The Group has implemented internal controls to ensure compliance with laws and regulations mentioned above. As of the end of the Reporting Period, as far as we were aware, there was no legal and/or regulatory procedure or dispute which, in the opinion of the Directors, may have a material adverse effect on our business, financial condition, and operating results or prospects.

MAJOR RISKS AND UNCERTAINTIES

Our business involves life insurance, health insurance, P&C insurance and asset management, etc. Although we all along uphold the concept of sustainable and stable operation, and have good risk management and control capabilities, there are still a number of risks and uncertainties that are beyond our control, which adversely affect our business and financial condition. We are of the view that the major risks we may face in the future mainly include:

Market risk refers to the risk of unexpected financial loss to the Group due to adverse movements in interest rates, equity prices, real estate prices and exchange rates. Market risk mainly includes interest rate risk, price risk and currency risk.

REPORT OF THE BOARD OF DIRECTORS

Credit risk refers to the risk that a counterparty being unable or fails to perform its obligations in a timely manner, or an adverse change in the credit status of a counterparty, resulting in unexpected economic losses to the insurance company.

Insurance risk refers to the risk of loss due to adverse deviation of actual experience from assumptions such as mortality rate, morbidity rate, loss ratio, lapse rate and expense ratio.

Reputational risk refers to the risk of loss resulting from negative comments from stakeholders on the Company due to the Company's operation and management or external events.

Liquidity risk refers to the risk that the Company is unable to obtain sufficient funds in a timely manner or obtain sufficient funds in a timely manner at a reasonable cost to pay its debts as they fall due or perform other payment obligations.

Operational risk refers to the risk of direct or indirect losses in the course of business operations due to reasons such as incomplete operational procedures, human error, information system failure and external events.

Strategic risk refers to the risk of mismatch between the Company's strategies and the market environment and the Company's capabilities due to ineffective process of strategy formulation and implementation or changes in the operating environment.

Specific risks of the Group, such as risk contagion, organizational structure opaque risk, concentration risk and non-insurance sector risk.

In recent years, in response to national policy requirements regarding vigorous development of green finance and other fields, we have paid more attention to the physical risks and transition risks brought about by climate change, and focused on their potential negative impact on the financial condition and business operations of the underwriting and investment sides.

The future uncertainties include:

1. The complex and uncertain macroeconomic and political environment, increasingly stringent regulatory requirements, and increasingly intense market competition;
2. The more volatile international financial markets, increased downside risk of the global economy, and the high volatility, uncertainty and complexity of the current capital markets.
3. Increased uncertainties of global climate change, the frequent occurrence of extreme weather events and the ongoing transition of the society to a low-carbon economy have brought challenges to the Company's operating environment, risk exposure, and long-term development strategy.

NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

Details are set out in Note 46 to the consolidated financial statements.

FUTURE BUSINESS DEVELOPMENT OF THE GROUP

We adhere to the mission of "bring more sunshine to people", and maintain a developmental tone of "quality as the first priority, and seeking progress amidst quality". Based on scientific research and analysis on macro-economic situation and market and industry trends,

and drawing upon the past development experience, we leverage the external driving force of capital market and our internal driving force to formulate the New Sunshine Strategy, which mainly consists of:

Building “Technological Sunshine” with data intelligence.

Building “Valuable Sunshine” with innovations in models.

Building “Caring Sunshine” with the culture for goodness of “love and responsibility”.

For details, please refer to the section headed “Management Discussion and Analysis” in this annual report.

RESULTS AND DISTRIBUTION

The Group’s profit for the year ended December 31, 2025 and the financial position of the Group as at December 31, 2025 are set out in the section headed “Management Discussion and Analysis” of this annual report.

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 inter-bank 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.

Withholding and Payment of Income Tax on the Dividends Paid to Shareholders

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the 2025 Final Dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between mainland China and Hong Kong (Macau). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on the dividends for the individual holders of H shares:

REPORT OF THE BOARD OF DIRECTORS

- For individual holders of H shares who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend.
- For individual holders of H shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend.
- For individual holders of H shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at effective tax rate stipulated in the relevant tax treaty in the distribution of the dividend.
- For individual holders of H shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual holders of H shares in the distribution of the dividend.

If individual holders of H shares consider that the tax rate adopted by the Company for the withholding and payment of individual income tax on their behalf is not the same as the tax rate stipulated in any tax treaties between the PRC and the countries (regions) in which they are domiciled, such holders shall submit to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, a letter of entrustment and all application and relevant proving materials showing that they are residents of a country (region) which has entered into a tax treaty with the PRC. The Company will then submit the above documents to competent tax authorities which will proceed with the subsequent tax-related treatments. If individual holders of H shares do not provide the Company with the relevant proving materials, they could go through the relevant procedures on their own or by attorney in accordance with the relevant provisions stipulated in the tax treaties. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

For non-resident enterprise holders of H shares, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Withholding and Payment of the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (國家稅務總局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

The cash dividends for the investors of H Shares investing through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅〔2014〕81號)) and the Notice on the Tax Policies related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅〔2016〕127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold individual income tax at the rate of 20% on behalf of the investors.

For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the individual income tax payable shall be the same as that for individual investors. The Company will not withhold the income tax of dividends received by domestic enterprise investors from investing in the shares of the H shares companies through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and those domestic enterprise investors shall report and pay the relevant tax themselves.

SHARE CAPITAL

During the Reporting Period, there was no change in the total share capital of the Company. As at the end of the Reporting Period, the total share capital of the Company was 11,501,522,500 Shares, the details of which are as follows:

Description of Shares	Number of Shares (shares)	Percentage of the Issued Share Capital (%)
Domestic Unlisted Shares	8,022,753,987	69.75
H Shares	3,478,768,513	30.25
Total	11,501,522,500	100

On August 1, 2025, the Board has approved the plan on application of the H Share full circulation, pursuant to which, the Company proposed to convert no more than 3,519,625,501 Domestic Unlisted Shares of the Company in aggregate into H Shares and apply to the Hong Kong Stock Exchange for the listing. Subsequently, on October 24, 2025, the Company has been advised that the China Securities Regulatory Commission has accepted the registration application of the Company with respect to the implementation of the H Share “full

circulation”. As at the Latest Practicable Date, the H Share “full circulation” has not completed and relevant details of implementation plan have not been finalized. The Company will make further announcement on further progress of the H Share “full circulation” in accordance with applicable regulations and regulatory requirements. For further details, please refer to the announcements of the Company dated August 1, 2025 and October 27, 2025.

REPORT OF THE BOARD OF DIRECTORS

PUBLIC FLOAT

The Company applied for and has been granted by the Hong Kong Stock Exchange a waiver at the time of listing regarding the lower percentage of public float. Pursuant to which, the Company's applicable minimum public float percentage was 10%. As at the Latest Practicable Date, based on the information that was publicly available to the Company and within the knowledge of the Directors, the Company's public float has complied with the minimum public float requirement as set out under Rule 19A.28B of the Hong Kong Listing Rules.

DISTRIBUTABLE RESERVES

As of the end of the Reporting Period, the retained profit of the Company available for distribution to its shareholders was RMB3.19 billion. Details are set out in Note 45 to the consolidated financial statements.

BUILDINGS, EQUIPMENT AND INVESTMENT PROPERTIES

During the Reporting Period, changes in the buildings, equipment and investment properties of the Group are set out in Note 17 and Note 19 to the consolidated financial statements respectively.

Save as disclosed above, as at the end of the Reporting Period, the Group did not own any other properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) exceed 5%.

RETIREMENT BENEFITS

Full-time employees of the Group are entitled to various retirement benefit plans sponsored by the provincial and municipal governments. The Group makes monthly contributions to the retirement benefit plans based on a percentage of employees' salaries and the contributions are arranged as a whole and paid to retired employees by government agencies as required. The aforesaid basic social pension insurance is fully vested in the Group's employees at the time of contribution, and the Group is unable to forfeit any contributions.

In addition to the aforesaid retirement benefit plans, some employees participate in a supplemental pension plan. The supplementary pension contributions that are not vested to the employees due to their departure are refunded to the supplementary pension plan unit account and will be used to offset the existing contributions. The amount of forfeited contributions used to reduce the existing level of contributions is not significant.

According to these plans, the Group has no other significant legal or constructive obligations with respect to the retirement benefits beyond the aforesaid contributions (expensed as incurred). The aforesaid retirement benefit plans fall into defined contribution plans.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, details of the remuneration of Directors and Supervisors are set out in Note 13 to the consolidated financial statements. The range of after-tax remuneration of non-director or non-supervisor senior management in the Group is set out as follows:

Range of Remuneration	Number of Individuals
RMB0 to RMB500,000	0
RMB500,001 to RMB1,000,000	0
RMB1,000,001 to RMB1,500,000	0
RMB1,500,001 to RMB2,000,000	0
RMB2,000,001 to RMB2,500,000	1
RMB2,500,001 to RMB3,000,000	2
RMB3,000,001 to RMB3,500,000	1
RMB3,500,001 to RMB4,000,000	1
RMB4,000,001 to RMB4,500,000	2
RMB4,500,001 to RMB5,000,000	0
RMB5,000,001 to RMB5,500,000	0
RMB5,500,001 to RMB6,000,000	0

The Company confirms that, save for Mr. Hong Qi who has waived his remuneration, no other Director or Supervisor has waived or agreed to waive any remuneration during the Reporting Period.

HIGHEST PAID INDIVIDUALS

Details of the emoluments of the five highest paid individuals of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the premiums of the Company or any of its subsidiaries contributed by

any single customer was not more than 5% of the gross written premiums of the Group during the corresponding period. The gross written premiums from the top five customers was not more than 30% of the gross written premiums of the Group during the corresponding period.

Due to the nature of the Group's business activities, the Group has no major supplier.

RELATIONSHIP WITH CUSTOMERS

The Group is of the view that the benign relationship with customers is very important. During the Reporting Period, there was no material dispute between the Group and its customers.

REPORT OF THE BOARD OF DIRECTORS

RELATIONSHIP WITH EMPLOYEES

The Group builds a comprehensive training system as well as a scientific and reasonable remuneration incentive system for employees. The Group sets up multiple channels for employees to develop themselves, and attaches great importance to physical and mental health of employees and harmony of their families, so as to improve their sense of happiness.

We are committed to creating a fair and nurturing working environment for our employees. We strictly comply with the Labour Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations, as well as relevant regulatory regimes, and manage our employment in a standardized and legal manner. We prohibit any form of discrimination based on race, gender, religion, age, social origin or other causes. In 2025, our female employees represented approximately 57.9% of our total employees. We create a fair and equal workplace for employees and establish a culture of care. We also set up lactation rooms in the offices, hold lectures on women's health for our female employees, and organize activities to celebrate Women's Day on March 8.

We are concerned about the career progression of our employees and provide full-cycle capability enhancement support to all of our employees through the "Sunshine Academy (陽光學堂)". Sunshine Academy provides various training courses related to our business, such as data security, anti-corruption and intellectual property protection, aiming to improve employees' compliance awareness in business operations. Since its launch in December 2017, the "Sunshine Academy" has attained over 70.94 million visits and over 10.28 million live-streaming participants as of December 31, 2025.

We have been caring for our employees and their families and have implemented a parental support allowance program since 2010. In addition, we are committed to enhancing employees' sense of belonging and loyalty to the development of the Company, and motivating them to grow together with the Company. For this purpose, we have established a long-term service contribution plan for employees, and employees who meet a certain length of service can apply to join the plan. We will comprehensively consider factors such as employee performance evaluation results, years of service in the Company, job level and position, as well as the operating conditions of the organization, to pre-award long-term service allowances to employees. This measure aims to recognise the contributions of employees and motivate them to make long-term efforts for the development of the Company.

In order to strengthen the Company's strategic advancement and realization of targets, optimize and improve the Company's salary incentive management system, and improve the Company's incentive and restraint mechanism, the Company, according to the Measures for the Management of the Value Contribution Incentive Fund of Sunshine Insurance Group Company Limited, has established a value contribution incentive plan. The Management Committee is responsible for the plan's daily management in accordance with the principle of legality and compliance, and can entrust a trust institution to uniformly operate and centrally manage funds. The investment scope includes but is not limited to bank deposits, bank wealth management products, investment funds and listed companies' stocks

(including the Company's stocks), and the incentive grantees enjoy the cash income right of the trust plan as beneficiaries.

EMPLOYEE SHARE OWNERSHIP PLAN

We are one of the PRC insurance institutions approved by the relevant regulatory authority to implement employee share ownership plans. To enhance the morale and competitiveness of our employees, we began to implement our employee share ownership plans in 2015 ("**2015 ESOP**"). As approved by the shareholders' general meeting of the Company on February 4, 2016, the Company issued and allotted 440,780,000 Domestic Unlisted Shares to our 2015 ESOP, representing 3.83% of the issued Shares of the Company as at the Latest Practicable Date (a total of 11,501,522,500 Shares, comprising 8,022,753,987 Domestic Unlisted Shares and 3,478,768,513 H Shares). Pursuant to the 2015 ESOP, the 2015 ESOP participants primarily included core cadres and key personnel who played an important role in the overall performance and medium to long-term development of the Company. The number of cumulative shares to which any single holder is entitled under the 2015 ESOP does not account for more than 1% of the share capital of the Company. According to the relevant regulations of the CIRC and the valuation of the Company's shares by an independent third-party institution engaged by the Company, and subject to the approval of the shareholders' general meeting of the Company, the subscription price of the Company's shares under the 2015 ESOP is RMB4 per share. Shares held in the 2015 ESOP are locked in for three years from the date of listing of the Company. Upon the expiration of the lockup period, the annual reduction ratio shall not exceed 25% of the total number of shares held in the 2015 ESOP in principle. As of the Latest Practicable Date, the interests in the 2015

ESOP were held by 3,688 individuals (including five Directors (Mr. ZHANG Weigong, Mr. LI Ke, Mr. PENG Jihai, Mr. WANG Xiaopeng and Mr. HOU Huisheng), one Supervisor (Mr. ZHUANG Liang) and certain senior management members). Among them, the five highest paid individuals were all holders of shares under the 2015 ESOP during the Reporting Period, and held a total of 11,352,389 Shares of the Company under the plan. Any single holder under the 2015 ESOP is entitled to under the 2015 ESOP does not account for more than 0.12% of the total issued share capital of the Company. To the best knowledge of the Company, no single holder of the 2015 ESOP is able to exercise control (for the purpose of the SFO) thereon. During the Reporting Period and the period from the end of the Reporting Period to the Latest Practicable Date, there is no situation where shares are granted, unlocked, invalidated or cancelled according to the 2015 ESOP.

In order to adapt to the new situation faced by the Company after its listing, enhance the advancement of the strategy and the achievement of goals, further strengthen the sense of belonging and responsibility of the employees, and realize the value sharing between the Company and its employees, as approved by the shareholders' meeting of the Company on October 22, 2025, the Company intended to establish the employee share ownership plan ("**2025 ESOP**"). The holders are executive personnel, key position personnel and cadre employees who play a corresponding role in enhancing the Company's performance and medium-to-long-term development. The accumulated Shares held by all employees of the Company under the employee share ownership plan shall not exceed 10% of the Company's total share capital, and the shares obtained by an individual employee shall not exceed 1% of the Company's total share capital. If the Shares are acquired through shareholders' transfer, the transfer price shall

REPORT OF THE BOARD OF DIRECTORS

be the subscription price; if the Shares are acquired through purchase of the Company's Shares issued in the open market, the purchase price shall be the subscription price; if the Shares are acquired through the Company's repurchase, unless otherwise resolved by the Board and the shareholders' meeting, the repurchase price shall be the subscription price. In order to further establish and improve the long-term incentive mechanism, regarding the 2025 ESOP entitlements corresponding to the Company's Shares held by the holders, the lock-up periods shall be as follows: 3 years for employees below the departmental level in the company and its core subsidiaries, 4 years for departmental level employees, and 5 years for members of the senior management team. During the corresponding lock-up period of the 2025 ESOP entitlements, holders shall not withdraw. Upon the expiration of the lock-up period, such ESOP entitlements will be disposed of in accordance with the Listing Rules and relevant laws and regulations. The annual disposal ratio shall not exceed 25% of the 2025 ESOP in principle. The specific disposal amount shall be determined in accordance with the aforementioned rules and in full respect of the wishes of the holders. Should any laws, regulations, or departmental rules of the state impose different provisions on the lock-up or disposal of the Shares held under the 2025 ESOP upon expiration of the lock-up period specified herein, such provisions shall prevail. The duration period of the 2025 ESOP shall be 10 years from the establishment date. Unless otherwise resolved by the Board in accordance with the requests of the holders' meeting, the duration period shall be automatically extended. In the event that the 2025 ESOP is terminated, the management committee shall, as authorised by the holders' meeting, proceed with the liquidation of the assets of the 2025 ESOP in conjunction with the trustee. Following the deduction of relevant taxes, fees, and administrative costs, the net remaining assets shall be distributed to the holders in

proportion to their respective entitlements under the 2025 ESOP. Upon the completion of the liquidation and distribution, the trust plan and the 2025 ESOP shall be wound up. As of the Latest Practicable Date, the specific implementation plan of the 2025 ESOP (including participants, total number of Shares, the maximum number of Shares that participants can be granted, etc.) will be further determined after obtaining approval from the regulatory authority. During the Reporting Period and the period from the end of the Reporting Period to the Latest Practicable Date, there is no situation where shares are granted, unlocked, invalidated or cancelled according to the 2025 ESOP. For details of the 2025 ESOP, please refer to the circular of the Company dated September 30, 2025.

MAJOR SUBSIDIARIES

As at the end of the Reporting Period, the Company directly and indirectly controlled four major subsidiaries, namely Sunshine P&C, Sunshine Life, Sunshine AMC and Sunshine Surety.

PRE-EMPTIVE RIGHT

During the Reporting Period, the shareholders of the Company had no pre-emptive right pursuant to the relevant laws of the PRC and the Articles of Association.

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.

ISSUANCE OF DEBENTURES

As of the Latest Practicable Date, details of the bonds issued but not yet redeemed by the Group were as follows:

In April 2016, upon filing with the NDRC, Sunshine Life issued three kinds of offshore senior bonds with a total principal amount of US\$1.5 billion, including the bond of a principal amount of US\$500 million with a coupon rate of 2.50% maturing in 2019, the bond of a principal amount of US\$700 million with a coupon rate of 3.15% maturing in 2021, and the bond of a principal amount of US\$300 million with a coupon rate of 4.50% maturing in 2026, respectively. The proceeds raised from the issuance of such bonds will be used for working capital and general corporate purposes. As of the Latest Practicable Date, bonds with a total principal amount of US\$300 million for a term of 10 years and with a coupon rate of 4.5% were not yet redeemed.

In March 2021, as approved by the PBOC and the CBIRC, Sunshine Life issued capital supplementary bonds with a total principal amount of RMB5 billion for a term of 10 years, and with a coupon rate of 4.4% and an interest to be paid annually, which can be redeemed at the end of the fifth year. The coupon rate will be raised to 5.4% if the bonds are not redeemed.

In December 2021, as approved by the PBOC and the CBIRC, Sunshine P&C issued capital supplementary bonds with a total principal amount of RMB5 billion for a term of 10 years, and with a coupon rate of 4.5% and an interest to be paid annually, which are allowed to be redeemed at the end of the fifth year. The coupon rate will be raised to 5.5% if the bonds are not redeemed.

In December 2023, as approved by the PBOC and the National Financial Regulatory Administration, Sunshine Life issued capital supplementary bonds with a total principal amount of RMB7 billion for a term of 10 years, and with a coupon rate of 3.88% and an interest to be paid annually, which are allowed to be redeemed at the end of the fifth year. The coupon rate will be raised to 4.88% if the bonds are not redeemed.

In March 2025, as approved by the PBOC and the National Financial Regulatory Administration, Sunshine Life issued non-fixed-term capital supplementary bonds with a total principal amount of RMB5 billion, a coupon rate of 2.75% and an interest to be paid annually. The coupon rate will be adjusted every 5 years. Sunshine Life shall have a conditional redemption right on every interest payment date from the fifth year onwards.

CHARITABLE AND OTHER DONATIONS

During the Reporting Period, the Group had charitable and other donations of approximately RMB15.7 million in aggregate.

DIRECTORS

As at the end of the Reporting Period, the Directors of the Company were as follows:

Executive Directors

Mr. ZHANG Weigong (*Chairman of the Board and Chief Executive Officer*)

Mr. LI Ke

Mr. PENG Jihai

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Non-executive Directors

Mr. CAI Qiwu

Mr. WANG Jingwei

Mr. CHEN Yong

Ms. QIAN Yiqun

Mr. HOU Huisheng

Independent non-executive Directors

Mr. LIU Zhanqing

Ms. JIA Ning

Mr. WU Xiaoqiu

Mr. HONG Qi

Mr. XU Ying

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

During the Reporting Period, none of the Directors or Supervisors entered into any service contract with the Company or its subsidiaries which could not be terminated within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

During the Reporting Period, none of the Directors, Supervisors or their connected entities had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Company, to which the Company or any of its subsidiaries was a party.

PERMITTED INDEMNITY

Subject to the relevant statutes, every Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has purchased insurance against the liabilities and costs associated with proceedings which may be against the Directors.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at the end of the Reporting Period, the following Directors, Supervisors and chief executive had the following interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and/or short position taken or deemed to be held under the relevant provisions of the SFO), or are required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code, or are required to be recorded in the register required to be kept under Section 352 of the SFO:

Name	Position(s)	Capacity	Class of shares	Number of shares	Nature of interest	Approximate Percentage of Total Issued Class of Shares ⁽⁶⁾ (%)	Approximate Percentage of Total Issued Share Capital ⁽⁶⁾ (%)
ZHANG Weigong ^{(1) (2)}	Executive Director, Chairman and Chief Executive Officer	Interest of controlled corporation	Domestic Unlisted Shares	1,315,000,000	Long position	16.39	11.43
		Others	Domestic Unlisted Shares	10,799,373	Long position	0.13	0.09
		Others	H Shares	395,275	Long position	0.01	0.00
LI Ke ⁽³⁾	Executive Director	Others	Domestic Unlisted Shares	12,263,949	Long position	0.15	0.11
		Others	H Shares	395,275	Long position	0.01	0.00
PENG Jihai ⁽⁴⁾	Executive Director	Others	Domestic Unlisted Shares	6,832,297	Long position	0.09	0.06
		Others	H Shares	395,275	Long position	0.01	0.00
HOU Huisheng ⁽⁵⁾	Non-executive Director	Others	Domestic Unlisted Shares	186,637	Long position	0.00	0.00
		Others	H Shares	237,511	Long position	0.01	0.00

Notes:

- (1) Bangchen Zhengtai directly holds 470,900,000 Domestic Unlisted Shares of the Company. Beijing Hengyi, a limited partnership incorporated under the laws of the PRC as an investment vehicle, directly holds 99.99% equity interests in Bangchen Zhengtai. Tibet Hengyi is the general partner of Beijing Hengyi. Mr. ZHANG Weigong directly holds 99.00% equity interests in Tibet Hengyi.

Shanghai Xuchang directly holds 470,900,000 Domestic Unlisted Shares of the Company. Beijing Maisheng, a limited partnership incorporated under the laws of the PRC as an investment vehicle, directly holds 42.59% equity interests in Shanghai Xuchang. Beijing Dingsi Hengyi is the general partner of Beijing Maisheng. Tibet Hengyi directly holds 100% equity interests in Beijing Dingsi Hengyi. Beijing Qiyi is the general partner of Beijing Maisheng. Tibet Hengyi directly holds 33.33% equity interests in Beijing Qiyi.

Shannan Hongquan directly holds 373,200,000 Domestic Unlisted Shares of the Company. Ningbo Dingzhi Jintong, a limited partnership incorporated under the laws of the PRC as an investment vehicle, directly holds 95.98% equity interests in Shannan Hongquan. Tibet Hengyi is the general partner of Ningbo Dingzhi Jintong.

According to the Disclosure of Interests Form filed by Mr. ZHANG Weigong on November 20, 2025, 215,000,000 Shares were pledged by Bangchen Zhengtai.

- (2) Mr. ZHANG Weigong indirectly holds 10,799,373 Domestic Unlisted Shares of the Company through participation in the Employee Share Ownership Plan, and indirectly holds 395,275 H Shares of the Company through participation in the performance-based bonus deferral plan of the Company.
- (3) Mr. LI Ke indirectly holds 12,263,949 Domestic Unlisted Shares of the Company through participation in the Employee Share Ownership Plan, and indirectly holds 395,275 H Shares of the Company through participation in the performance-based bonus deferral plan of the Company.

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- (4) Mr. PENG Jihai indirectly holds 6,832,297 Domestic Unlisted Shares of the Company through participation in the Employee Share Ownership Plan, and indirectly holds 395,275 H Shares of the Company through participation in the performance-based bonus deferral plan of the Company.
- (5) Mr. HOU Huisheng indirectly holds 186,637 Domestic Unlisted Shares of the Company through participation in the Employee Share Ownership Plan, and indirectly holds 237,511 H Shares of the Company through participation in the performance-based bonus deferral plan of the Company.
- (6) As at the end of the Reporting Period, the Company had a total of 11,501,522,500 Shares in issue, comprising 8,022,753,987 Domestic Unlisted Shares and 3,478,768,513 H Shares.

Save as disclosed above, as at the end of the Reporting Period, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and/or short position taken or deemed to be held under the relevant provisions of the SFO), or are required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code, or are required to be recorded in the register required to be kept under Section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, none of the Company or its subsidiaries had entered into any arrangements which enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other legal entities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had engaged in or had any interest in any business which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to the Hong Kong Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

During the Reporting Period, there was no change in the total share capital of the Company.

As at the end of the Reporting Period, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or were, either directly or indirectly, interested in 5% or more of the nominal value of any class of share capital.

Equity Holder Name	Nature of Interest	Class of Shares	Number of Shares	Nature of Interest	Approximate Percentage of Total Issued Shares ⁽¹³⁾ (%)	Approximate Percentage of Total Issued Share Capital ⁽¹³⁾ (%)
Beijing Chengtong Financial Holding Investment Co., Ltd. (北京誠通金控投資有限公司) ("Beijing Chengtong") ⁽¹⁾	Beneficial owner	Domestic Unlisted Shares	700,000,000	Long position	8.73	6.09
China Chengtong Holdings Group Ltd. (中國誠通控股集團有限公司) ("China Chengtong") ⁽¹⁾	Interest of controlled corporation	Domestic Unlisted Shares	700,000,000	Long position	8.73	6.09
Beijing Ruiteng Yihong Investment Management Co., Ltd. (北京銳騰宜鴻投資管理有限公司) ("Ruiteng Yihong") ⁽²⁾	Beneficial owner	Domestic Unlisted Shares	660,000,000	Long position	8.23	5.74
Septwolves Group Holding Co., Ltd. (七匹狼控股集團股份有限公司) ("Septwolves Holding") ⁽²⁾	Interest of controlled corporation	Domestic Unlisted Shares	660,000,000	Long position	8.23	5.74
	Beneficial owner	Domestic Unlisted Shares	100,000,000	Long position	1.25	0.87
Fujian Septwolves Group Co., Ltd. (福建七匹狼集團有限公司) ⁽²⁾	Interest of controlled corporation	Domestic Unlisted Shares	660,000,000	Long position	8.23	5.74
	Interest of controlled corporation	Domestic Unlisted Shares	100,000,000	Long position	1.25	0.87
ZHOU Yongwei ⁽²⁾	Interest of controlled corporation	Domestic Unlisted Shares	660,000,000	Long position	8.23	5.74
	Interest of controlled corporation	Domestic Unlisted Shares	100,000,000	Long position	1.25	0.87
ZHOU Shaoxiong ⁽²⁾	Interest of controlled corporation	Domestic Unlisted Shares	660,000,000	Long position	8.23	5.74
	Interest of controlled corporation	Domestic Unlisted Shares	100,000,000	Long position	1.25	0.87
ZHOU Shaoming ⁽²⁾	Interest of controlled corporation	Domestic Unlisted Shares	660,000,000	Long position	8.23	5.74
	Interest of controlled corporation	Domestic Unlisted Shares	100,000,000	Long position	1.25	0.87
Lhasa Fengming Construction Machinery Sales Co., Ltd. (拉薩豐銘工程機械銷售有限公司) ("Lhasa Fengming") ⁽³⁾	Beneficial owner	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78

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Equity Holder Name	Nature of Interest	Class of Shares	Number of Shares	Nature of Interest	Approximate Percentage of Total Issued Shares ⁽¹³⁾ (%)	Approximate Percentage of Total Issued Share Capital ⁽¹³⁾ (%)
Shenzhen Qianhai Ruiyu Taihe Investment Center (Limited Partnership) (深圳前海瑞譽泰和投資中心 (有限合夥)) ("Shenzhen Qianhai Ruiyu") ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
Tibet Ruiyu Investment Management Co., Ltd. (西藏瑞譽投資管理有限公司) ("Tibet Ruiyu") ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
YUAN Tao ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
Anxin Qiansheng Wealth Management (Shenzhen) Co., Ltd. (安信乾盛財富管理(深圳)有限公司) ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
Essence Fund Management Co., Ltd. (安信基金管理有限責任公司) ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
Minmetals Capital Holdings Limited (五礦資本控股有限公司) ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
Minmetals Capital Company Limited (五礦資本股份有限公司) ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
SDIC Securities Co., Ltd. (國投證券股份有限公司) ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
SDIC Capital Co., Ltd. (國投資本股份有限公司) ⁽³⁾	Interest of controlled corporation	Domestic Unlisted Shares	550,000,000	Long position	6.86	4.78
Jiangsu Yonggang Group Co., Ltd. (江蘇永鋼集團有限公司) ("Jiangsu Yonggang") ⁽⁴⁾	Beneficial owner	Domestic Unlisted Shares	523,700,000	Long position	6.53	4.55
Everrising Holdings Co., Ltd. (永卓控股有限公司) ⁽⁴⁾	Interest of controlled corporation	Domestic Unlisted Shares	523,700,000	Long position	6.53	4.55
Suzhou Yongyuan Holding Co., Ltd. (蘇州永源控股有限公司) ⁽⁴⁾	Interest of controlled corporation	Domestic Unlisted Shares	523,700,000	Long position	6.53	4.55
Beijing Taihe Fangyuan Investment Co., Ltd. (北京泰合方園投資有限公司) ⁽⁵⁾	Beneficial owner	Domestic Unlisted Shares	500,000,000	Long position	6.23	4.35
Beijing Wanquan Yide Investment Fund Management Co., Ltd. (北京萬泉易德投資基金管理有限公司) ⁽⁵⁾	Interest of controlled corporation	Domestic Unlisted Shares	500,000,000	Long position	6.23	4.35
Shanghai Cai Tong Asset Management Co., Ltd. (上海財通資產管理有限公司) ⁽⁵⁾	Interest of controlled corporation	Domestic Unlisted Shares	500,000,000	Long position	6.23	4.35

Equity Holder Name	Nature of Interest	Class of Shares	Number of Shares	Nature of Interest	Approximate Percentage of Total Issued Shares ⁽¹³⁾ (%)	Approximate Percentage of Total Issued Share Capital ⁽¹³⁾ (%)
Caitong Fund Management Co., Ltd. (財通基金管理有限公司) ⁽⁵⁾	Interest of controlled corporation	Domestic Unlisted Shares	500,000,000	Long position	6.23	4.35
Beijing Bangchen Zhengtai Investment Co., Ltd. (北京邦宸正泰投資有限公司) ("Bangchen Zhengtai") ⁽⁶⁾	Beneficial owner	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Beijing Hengyi Shengtai Investment Management Center (Limited Partnership) (北京恒誼盛泰投資管理中心(有限合伙)) ("Beijing Hengyi") ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shanghai Shengle Investment Partnership (Limited Partnership) (上海盛樂投資合夥企業(有限合伙)) ("Shanghai Shengle") ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shanghai Baolin Enterprise Management Co., Ltd. (上海寶麟企業管理有限公司) ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shanghai Baohe Enterprise Management Co., Ltd. (上海寶荷企業管理有限公司) ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shanghai Baoxin Enterprise Management Co., Ltd. (上海保忻企業管理有限公司) ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shanghai Baoyao Enterprise Management Co., Ltd. (上海寶鑰企業管理有限公司) ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Wealth Smart International Holdings Limited (駿寶國際集團有限公司) ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Cheer Wealthy Holdings Limited (展裕控股有限公司) ⁽⁶⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shanghai Xuchang Technology Co., Ltd. (上海旭昶科技有限公司) ("Shanghai Xuchang") ⁽⁷⁾	Beneficial owner	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Beijing Maisheng Information Consulting Center (Limited Partnership) (北京邁晟信息諮詢中心(有限合伙)) ("Beijing Maisheng") ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Beijing Dingsi Hengyi Management Consulting Co., Ltd. (北京鼎思衡誼管理諮詢有限公司) ("Beijing Dingsi Hengyi") ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09

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Equity Holder Name	Nature of Interest	Class of Shares	Number of Shares	Nature of Interest	Approximate Percentage of Total Issued Shares ⁽¹³⁾ (%)	Approximate Percentage of Total Issued Share Capital ⁽¹³⁾ (%)
Beijing Qiyi Information Consulting Co., Ltd. (北京齊誼信息諮詢有限公司) ("Beijing Qiyi") ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
LIU Hong ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Dalian Jinxiang Enterprise Management Co., Ltd. (大連錦翔企業管理有限公司) ("Dalian Jinxiang") ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Dalian Jinxin Enterprise Management Co., Ltd. (大連錦欣企業管理有限公司) ("Dalian Jinxin") ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
DAI Chengshu ⁽⁷⁾	Interest of controlled corporation	Domestic Unlisted Shares	470,900,000	Long position	5.87	4.09
Shannan Hongquan Enterprise Management Consulting Co., Ltd. (山南泓泉企業管理諮詢有限公司) ("Shannan Hongquan") ⁽⁸⁾	Beneficial owner	Domestic Unlisted Shares	373,200,000	Long position	4.65	3.24
Ningbo Dingzhi Jintong Equity Investment Center (Limited Partnership) (寧波鼎智金通股權投資中心(有限合伙)) ("Ningbo Dingzhi Jintong") ⁽⁸⁾	Interest of controlled corporation	Domestic Unlisted Shares	373,200,000	Long position	4.65	3.24
Tibet Hengyi Investment Management Co., Ltd. (西藏恆誼投資管理有限公司) ("Tibet Hengyi") ^{(6) (7) (8)}	Interest of controlled corporation	Domestic Unlisted Shares	1,315,000,000	Long position	16.39	11.43
Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) ("Shanghai Loyal Valley") ^{(6) (8)}	Interest of controlled corporation	Domestic Unlisted Shares	844,100,000	Long position	10.52	7.34
LIN Lijun ^{(6) (8)}	Interest of controlled corporation	Domestic Unlisted Shares	844,100,000	Long position	10.52	7.34
China Universal Capital – Sunshine Insurance Employee Share Ownership Plan (匯添富資本－陽光保險員工持股計劃)	Beneficial owner	Domestic Unlisted Shares	440,780,000	Long position	5.49	3.83
China Chengtong	Beneficial owner	H Shares	350,000,000	Long position	10.06	3.04
China Petrochemical Corporation (中國石油化工集團有限公司)	Beneficial owner	H Shares	350,000,000	Long position	10.06	3.04
CHINA GUANGFA BANK-LION FUND-QDII NO 35	Beneficial owner	H Shares	271,985,500	Long position	7.82	2.36
HAITONG ASSET MANAGEMENT ANYING HAI WAI NO.20 DIRECTIONAL INVESTMENT SCHEME	Beneficial owner	H Shares	184,249,000	Long position	5.30	1.60

Notes:

(1) Beijing Chengtong directly holds 700,000,000 Domestic Unlisted Shares in the Company. Beijing Chengtong is wholly owned by China Chengtong, which is controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

(2) Ruiteng Yihong holds 660,000,000 Domestic Unlisted Shares of the Company. Ruiteng Yihong is held as to 62.83% by Septwolves Holding. Septwolves Holding is held as to 82.86% by Fujian Septwolves Group Co., Ltd., which in turn is ultimately controlled by ZHOU Yongwei, ZHOU Shaoxiong and ZHOU Shaoming, who are related to each other as brothers. At the same time, Septwolves Holding directly holds 100,000,000 Domestic Unlisted Shares in the Company.

According to the Disclosure of Interests Form filed by Septwolves Holding on February 21, 2024, 100,000,000 shares were pledged by Septwolves Holding.

According to the statement issued by Septwolves Holding, Septwolves Holding, acting as a financial investor, shall not, in any form or manner, increase its shareholding ratio in the Company together with its related parties, shall not become the largest shareholder of the Company through any forms or means, either actively or passively, and shall not expand its proportion of voting rights in the Company by entering into concerted action agreements, soliciting voting rights or other means.

(3) Lhasa Fengming holds 550,000,000 Domestic Unlisted Shares in the Company. Shenzhen Qianhai Ruiyu is a limited partnership incorporated under the laws of the PRC as an investment vehicle, which holds 66.67% interest in Lhasa Fengming. Tibet Ruiyu is a general partner of Shenzhen Qianhai Ruiyu. Tibet Ruiyu is held as to 99.00% by YUAN Tao. Anxin Qiansheng Wealth Management (Shenzhen) Co., Ltd. holds a partnership interest of 99.95% in Shenzhen Qianhai Ruiyu as its sole limited partner. Anxin Qiansheng Wealth Management (Shenzhen) Co., Ltd. is wholly owned by Essence Fund Management Co., Ltd., which is in turn held as to 39.84% and 33.95% by Minmetals Capital Holdings Limited and SDIC Securities Co., Ltd. respectively. Minmetals Capital Holdings Limited is wholly owned by Minmetals Capital Company Limited, a company listed on the Shanghai Stock Exchange (stock code: 600390). SDIC Securities Co., Ltd. is held as to 99.99% by SDIC Capital Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600061).

(4) Jiangsu Yonggang directly holds 523,700,000 Domestic Unlisted Shares in the Company. Jiangsu Yonggang is held as to 33.68% by Everrising Holdings Co., Ltd. Everrising Holdings is held as to 75.00% by Suzhou Yongyuan Holding Co., Ltd.

(5) Beijing Taihe Fangyuan Investment Co., Ltd. directly holds 500,000,000 Domestic Unlisted Shares of the Company. Beijing Taihe Fangyuan Investment Co., Ltd. is wholly-owned by Beijing Wanquan Yide Investment Fund Management Co., Ltd., which is wholly-owned by Shanghai Cai Tong Asset Management Co., Ltd. Shanghai Cai Tong Asset Management Co., Ltd. is owned as to 80.00% by Caitong Fund Management Co., Ltd.

(6) Bangchen Zhengtai directly holds 470,900,000 Domestic Unlisted Shares in the Company. Beijing Hengyi is a limited partnership incorporated under the laws of the PRC as an investment vehicle, which directly holds a 99.99% interest in Bangchen Zhengtai. Tibet Hengyi and Shanghai Loyal Valley are the general partners of Beijing Hengyi, of which Tibet Hengyi is the executive partner of Beijing Hengyi. Tibet Hengyi is directly held as to 99.00% by ZHANG Weigong and Shanghai Loyal Valley is directly held as to 99.9% by LIN Lijun.

According to the Disclosure of Interests Form filed by Mr. ZHANG Weigong on November 20, 2025, 215,000,000 shares were pledged by Bangchen Zhengtai.

Shanghai Shengle holds a 91.75% partnership interest in Beijing Hengyi as its limited partner. Shanghai Shengle is a limited partnership incorporated under the laws of the PRC as an investment vehicle; its general partner is Shanghai Loyal Valley, and its limited partners include Shanghai Baolin Enterprise Management Co., Ltd. and Shanghai Baohe Enterprise Management Co. Ltd., each of which hold a partnership interest of 44.05%. Shanghai Baolin Enterprise Management Co., Ltd. is wholly owned by Shanghai Baoxin Enterprise Management Co., Ltd., which is in turn wholly owned by Wealth Smart International Holdings Limited; Shanghai Baohe Enterprise Management Co., Ltd. is wholly owned by Shanghai Baoyao Enterprise Management Co., Ltd., which is in turn wholly owned by Cheer Wealthy Holdings Limited.

(7) Shanghai Xuchang directly holds 470,900,000 Domestic Unlisted Shares in the Company. Beijing Maisheng is a limited partnership incorporated under the laws of the PRC as an investment vehicle, which directly holds a 42.59% interest in Shanghai Xuchang. Beijing Dingsi Hengyi and Beijing Qiyi are the general partners of Beijing Maisheng, of which Beijing Dingsi Hengyi is the executive partner of Beijing Maisheng. Tibet Hengyi directly holds a 100% interest in Beijing Dingsi Hengyi. Tibet Hengyi and Liu Hong directly hold 33.33% and 66.67% interest in Beijing Qiyi, respectively.

Dalian Jinxiang is the limited partner of Beijing Maisheng, which holds a 99.86% partnership interest. Dalian Jinxiang is wholly owned by Dalian Jinxin. Dalian Jinxin is held as to 99.99% by DAI Shucheng.

REPORT OF THE BOARD OF DIRECTORS

- (8) Shannan Hongquan directly holds 373,200,000 Domestic Unlisted Shares in the Company. Ningbo Dingzhi Jintong is a limited partnership incorporated under the laws of the PRC as an investment vehicle, and directly holds a 95.98% interest in Shannan Hongquan. Tibet Hengyi and Shanghai Loyal Valley are the general partners of Ningbo Dingzhi Jintong, of which Shanghai Loyal Valley is the executive partner of Ningbo Dingzhi Jintong.

Pursuant to the confirmation letter issued by Shannan Hongquan to Bangchen Zhengtai, Shannan Hongquan shall continue to maintain consistency with Bangchen Zhengtai in exercising its proposal, nomination, voting and decision-making rights in respect of all material matters in the corporate governance and production and operation of the Company.

- (9) The information disclosed above was based on the information provided on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.
- (10) According to Section 336 of the SFO, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the shareholders in the Company change, it is not necessary for the shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange.
- (11) As at the end of the Reporting Period, the Company had a total of 11,501,522,500 Shares in issue, comprising 8,022,753,987 Domestic Unlisted Shares and 3,478,768,513 H Shares.

Save as disclosed above, as at the end of the Reporting Period, so far as the Directors were aware, no other person (other than the Directors, Supervisors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company which are required to be disclosed or recorded in the register of the Company to be kept under Section 336 of the SFO.

ADMINISTRATION AND MANAGEMENT CONTRACTS

During the Reporting Period, the Company had not entered into any administration and management contracts with respect to the entire or principal activities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the audited financial statements of the Group for the year ended December 31, 2025.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" in this annual report.

AUDITORS

During the Reporting Period, Ernst & Young Hua Ming LLP and Ernst & Young were appointed as the auditors of the Company for the financial statements prepared in accordance with PRC GAAP and for the financial statements prepared in accordance with IFRS, respectively.

The Company did not change its auditors in the past three years.

The consolidated financial statements of the Company for the year ended December 31, 2025 have been audited by Ernst & Young Hua Ming LLP and Ernst & Young.

By order of the Board

Sunshine Insurance Group Company Limited
ZHANG Weigong

Founder, Chairman of the Board of Directors

REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, all members of the Board of Supervisors performed their duties faithfully and diligently in accordance with the relevant provisions of the PRC Company Law, the Articles of Association and other laws and regulations, regulatory provisions and the Company's internal rules and regulations, and in line with the regulatory regulations of insurance and the institutional requirements of the Hong Kong Stock Exchange for listed insurance enterprises, to clarify job responsibilities, improve working mechanisms, refine work contents, and be responsible for the interests of shareholders and the Company, so as to give full play to the role of the Board of Supervisors to assist the Company in building a customer-driven insurance group of high-value.

COMPOSITION AND CHANGES OF THE BOARD OF SUPERVISORS

As at the end of the Reporting Period, the Board of Supervisors of the Company consisted of Mr. ZHUANG Liang, Chairman of the Board of Supervisors (employee supervisor), Ms. ZHANG Di, Supervisor (shareholder supervisor) and Ms. WANG Zhe, Supervisor (external supervisor). The number, composition, qualification and appointment and removal procedures of the Board of Supervisors are in compliance with the PRC Company Law, relevant regulatory provisions and the Articles of Association.

During the Reporting Period, there was no change in the composition of the Board of Supervisors.

MEETINGS OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors held a total of five meetings, all of which were held in the form of on-site meetings. All Supervisors attended each meeting in person, considered 60 proposals and heard 2 reports or notifications.

On March 26, 2025, the Tenth meeting of the Sixth Session of the Board of Supervisors considered and unanimously approved 36 proposals, including the Proposal on the Consideration of the Annual Report and the Annual Result Announcement of 2024 of the Company.

On May 16, 2025, the Eleventh meeting of the Sixth Session of the Board of Supervisors considered and unanimously approved 6 proposals, including the Proposal on the Consideration of the Report on the Company's Operation in the First Quarter of 2025, and heard the Evaluation Report on the Supervision of Customer Rights Protection of 2024 of the Company.

On August 22, 2025, the Twelfth meeting of the Sixth Session of the Board of Supervisors considered and unanimously approved 9 proposals, including the Proposal on the Consideration of Interim Report and the Result Announcement of 2025 of the Company, and heard the Notification on the Regulation for 2024.

REPORT OF THE BOARD OF SUPERVISORS

On September 28, 2025, the Thirteenth meeting of the Sixth Session of the Board of Supervisors considered and unanimously approved 4 proposals, including the Proposal on the Amendments to the Risk Classification Management Measures for Insurance Assets of the Company.

On December 16, 2025, the Fourteenth meeting of the Sixth Session of the Board of Supervisors considered and unanimously approved 5 proposals, including the Proposal on the Consideration of the Report on the Company's Operation in the Third Quarter of 2025.

SUPERVISION OF PERFORMANCE OF DUTIES

During the Reporting Period, members of the Board of Supervisors attended the shareholders' meetings twice and attended all meetings of the Board of Directors as non-voting delegates. Through participating in meetings, they promptly understood and continuously paid attention to the overall operation and management activities and results of the Company, paid close attention to the Company's financial and internal control risks, and supervised the performance of the directors and senior management.

The Board of Supervisors of the Company organized the evaluation of the performance of Directors for 2025 in accordance with the requirements of the Measures for Evaluation of the Performance of Directors and Supervisors of Banking and Insurance Institutions, and carried out evaluation on the Directors who had served for more than half a year during the evaluation year with reference to the duty performance of directors such as attendance of relevant meetings and expressing opinions

and suggestion on major matters and combined with the results of self-evaluation and mutual evaluation of the Directors. The Board of Supervisors is of the view that all Directors of the Company, who participated in the evaluation, performed their duties and responsibilities in a faithful, loyal and diligent manner in accordance with the Company Law of the PRC, the Articles of Association and other laws and regulations as well as regulatory provisions and requirements of the internal regulations and rules, and all special committees faithfully leveraged their professional expertise to provide decision-making support to the Board, thereby effectively improve the scientificity and reasonableness of decision-makings of the Board. The performance evaluation results of all Directors who participated in the evaluation are "competent".

FINANCIAL SUPERVISION

During the Reporting Period, the Board of Supervisors performed its duties of financial supervision of the Company by considering proposals such as the Company's financial reports, business operation reports, solvency reports and profit distribution plans, and supervising and inspecting the Company's financial conditions and existing financial systems.

The Board of Supervisors is of the view that the Company's audited financial statements for 2025 were prepared in strict accordance with the accounting standards and insurance regulations, the accounting treatment followed the principle of consistency, the provisions of various reserves were adequate and reasonable, and the data in the statements truly and fairly reflected the financial position, operating conditions and operating results of the Company.

INTERNAL CONTROL AND COMPLIANCE SUPERVISION

The Board of Supervisors continuously strengthened its supervision over the implementation of the internal control and compliance system of the Company. By considering the report related to internal control and compliance, the Board of Supervisors gained a comprehensive understanding of the implementation of the Company's internal control and compliance work, the construction of the compliance system and mechanism, the main compliance risks faced, and put forward relevant opinions and suggestions based on relevant requirements, tasks and potential risk points of the list company.

RISK MANAGEMENT AND SUPERVISION

The Board of Supervisors continuously supervised the risk management structure and the control of major risks of the Company, paid close attention to the major risks faced by the Company and the effectiveness of risk management, provided timely alerts on major risks, and continuously supervised the performance of duties and responsibilities of the Board of Directors and senior management in operational risk, reputational risk management, etc., and ensured that the Board of Directors and senior management of the Company can strictly fulfill the relevant provisions such as the Measures for the Management of Operational Risk of Banking and Insurance Institutions and the Measures for the Management of Reputational Risk of Banking and Insurance Institutions (Trial), promoting the Company to constantly improve the construction of the operational risk and reputational risk management mechanism, and effectively avoiding the occurrence of events of operational risk, reputational risk, etc.

PERFORMANCE OF DUTIES BY THE SUPERVISORS

During the Reporting Period, all Supervisors performed their duties in strict compliance with laws and regulations, regulatory norms, the Articles of Association, and other relevant provisions. They attended each of shareholders' meetings and the meetings of the Board of Supervisors in person, and attended the Board meeting as non-voting delegates. The Supervisors gained a full understanding and supervision of the Company's operation, financial situations, risk management, internal control and audit, and incentive assessment on senior management.

In order to practically improve the quality and efficiency of performance, all Supervisors attached great importance to building their professional abilities, regularly studied and read work newsletters pushed by the Company, and conducted in-depth research on important regulatory system and business operation of the Company, and kept abreast of the regulatory dynamics and industry situation in a timely manner. In 2025, all Supervisors attended the training on duty performance improvement for directors, supervisors and senior management of banking and insurance institution organized by Financial News, and studied financial policies, professional knowledge, laws and regulations, professional codes of conduct, etc., which met the regulatory requirement on annual training hours. The Board of Supervisors of the Company organized the evaluation of the performance of Supervisors for 2025 in accordance with the requirements of the Measures for Evaluation of the Performance of Directors and Supervisors of Banking and Insurance Institutions. After comprehensive evaluation and combined with the results of self-evaluation and mutual evaluation of the Supervisors, the Board of Supervisors is of the view that all Supervisors of the Company performed

REPORT OF THE BOARD OF SUPERVISORS

their duties and responsibilities as stipulated under the relevant laws and regulations and the Articles of Association in a dedicated, faithful, loyal, diligent and conscientious manner, and the performance evaluation results are “competent”.

The Board of Supervisors is of the view that the performance of duties of all Supervisors is in compliance with the PRC Company Law, the Articles of Association and other laws and regulations, regulatory provisions and the requirements of the internal rules and regulations of the Company, and the supervision is effective.

By Order of the Board of Supervisors

Sunshine Insurance Group Company Limited

Chairman of the Board of Supervisors

ZHUANG Liang

CORPORATE GOVERNANCE REPORT

OVERVIEW

The Company has always been in compliance with relevant laws and regulations and regulatory requirements such as the PRC Company Law, the PRC Insurance Law, the Hong Kong Listing Rules, Guidelines for Corporate Governance of Banking and Insurance Institutions, earnestly performed the requirements of the Articles of Association, adhered to the principles of good corporate governance, strove to continuously enhance the corporate governance standard to ensure the stable development of the Company and to enhance Shareholders' value.

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 in this Corporate Governance Report, 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.

Sunshine operates and governs with Sunshine culture that highlights its own ideological system and unique value proposition.

Sunshine has formed a primitive entrepreneurial spirit of "dare to challenge and persevere (敢於挑戰、堅韌不拔)" during the commencement of our business. During the preparation of the Company, the "Fifty Characters Proverbs" of "Learn from different sources and choose our own course; Bring together industry talents and outside experts; A high starting point sets the pace for a long-term strategic development; Overcome hardships and always stick to integrity; Unswervingly pursue professionalism to build the Sunshine brand (集眾家之長，取自我之道。聚業內人才，納業外賢士。高起點組建，遠戰略發展。風雨中做事，陽光下做人。走精英之路，創陽光品牌)" summarizes the core idea of Sunshine culture and guides the preparatory work of the Company. At the time of the commencement of the Company, Sunshine has developed a core corporate culture that was refined from months of studies, which elaborated the Company's basic philosophy and management policy, clarified the basic behavioral standards of Sunshine's managers and employees, and became the guiding principle, conceptual foundation and powerful spiritual driving force for the development of Sunshine's business. Along with the development of the Company, the core culture of Sunshine has been iteratively upgraded and continuously enriched and developed into sub-culture, sub-item culture and post culture, which have guided the Company's various business lines and segments towards the sustainable and healthy development with its noble mission of "bring more sunshine to people".

CORPORATE GOVERNANCE REPORT

Sunshine endeavored to practice the culture for goodness of “love and responsibility” and launched a series of initiatives such as the “three/five/seven (三/五/七)” product system, starting from “philanthropic sense, thoughtful product, and attentive service”, so as to make the customers feel Sunshine’s “love and responsibility” and the distinction of Sunshine’s products and make service the reason for customers to choose Sunshine Insurance.

Mission: To bring more sunshine to people

Vision: To be an insurance group with humanity, high quality and vitality

Core values: One goal: All for customers

Two fundamentals: Creating value and win-win growth

Three unions: Passion and sense, speed and quality, confidence and awe

Style: Simple and trustworthy

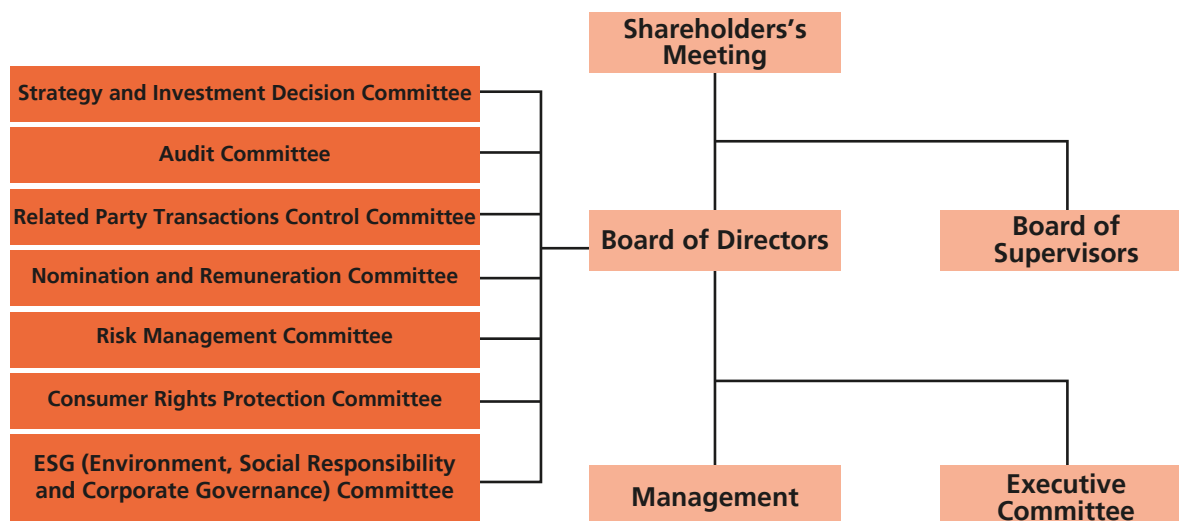
Enterprise Spirit: To transcend ourselves and innovate revolutions

Enterprise Philosophy: Take the steadfast mentality as peasants and work diligently with the spirit of a craftsman

Cultural Position: Responsibility and progress

Further information on the culture of Sunshine, including the Company’s mission, vision and values, is set out on the website of the Company (under the section headed “About Sunshine”) and in the “Chairman’s Statement” of this report.

The corporate governance structure chart of the Company is set out as below:



SHAREHOLDERS' MEETING

The shareholders' meeting is the highest authority of the Company, and shall exercise the following power in accordance with the law:

- (1) elect and replace the directors who are not employee representatives, and decide on matters related to the remuneration of directors;
- (2) elect and replace the supervisors who are not employee representatives, and decide on matters related to the remuneration of supervisors;
- (3) consider and approve the report of the Board of Directors;
- (4) consider and approve the report of the Board of Supervisors;
- (5) consider and approve the profit distribution plan and loss recovery plan of the Company;
- (6) resolve on the increase or decrease in registered capital of the Company;
- (7) resolve on the issuance of marketable securities and listing of the Company;
- (8) consider and approve the Company's direct investment in and establishment of domestic and overseas companies, over which the Company exercises its control;
- (9) consider and approve on matters such as external investments, asset acquisition, asset disposal and write-off and asset pledges that exceeds 20% of the latest audited total assets of the Company;
- (10) consider guarantees pursuant to Article 56 of the Articles of Association;
- (11) discuss and vote on significant matters exceeding the authority of the Board of Directors;
- (12) resolve on matters such as merger, division, dissolution and liquidation of the Company or alteration on the form of the Company;
- (13) amend the Articles of Association, and to consider the rules of procedures for the shareholders' meeting, the Board of Directors and the Board of Supervisors;
- (14) resolve on the acquisition of the Company's Shares;
- (15) resolve on the appointment and dismissal and remuneration of accounting firms of the Company, which would provide regular and statutory audit on the Company's financial reports;
- (16) consider the proposals raised by Shareholders who, individually or collectively, hold 1% or more of shares with voting rights of the Company;
- (17) consider and approve the share incentive scheme;
- (18) consider the related party/connected transactions which shall be considered and approved at the shareholders' meeting as provided by laws, administrative regulations, rules and the securities regulatory rules of the place where the Company's Shares are listed;

CORPORATE GOVERNANCE REPORT

(19) consider other matters which shall be decided at the shareholders' meeting as provided by laws, regulations, regulatory provisions and the Articles of Association.

During the Reporting Period, the Company has held two shareholders' meetings, namely the annual general meeting of 2024 held on June 17, 2025 and the first extraordinary general meeting of 2025 held on October 22, 2025. Major issues considered and approved included:

- Report of the Board of Directors for 2024;
- Report of the Board of Supervisors for 2024;
- Annual Report for 2024;
- Profit Distribution Plan for 2024;
- Appointment of Accounting Firms for 2025;
- Election of Mr. DONG Bin as an Independent Non-executive Director of the Sixth Session of the Board;
- Election of Mr. WANG Xiaopeng as an Executive Director of the Sixth Session of the Board;
- Three-year Development Plan for 2025-2027;
- Connected Transaction – Proposed Investment in the Pilot Fund;
- Grant of General Mandate to the Board to Issue Additional H Shares;
- Grant of General Mandate to the Board to Repurchase H Shares; and

- Adoption of the 2025 Employee Share Ownership Plan.

METHODS OF CONVENING EXTRAORDINARY SHAREHOLDERS' MEETINGS AND SUBMITTING PROPOSALS BY SHAREHOLDERS

According to the Articles of Association, any Shareholder(s) who individually or collectively hold 10% or more of the Shares of the Company shall be entitled to request the Board of Directors to convene an extraordinary shareholders' meeting by written requisitions and illustrate the subject of the meeting. If the Board of Directors agrees to convene such extraordinary shareholders' meeting, a notice of convening such extraordinary shareholders' meeting shall be issued within 5 days after passing the resolution of the Board of Directors. Consent of the relevant Shareholders must be sought if the request contained in the notice is different from the original one. For details of the procedures for nominating candidates of Directors by Shareholders, please refer to the website of the Company. Specific enquiries or suggestions by Shareholders can be sent in writing to the Board or by e-mail to the Company.

When the Company convenes a shareholders' meeting, Shareholders individually or collectively holding 1% or more of the total outstanding voting Shares of the Company shall have the right to submit proposals to the Company in writing. The Requesting Shareholders may make interim proposals and submit them to the convener in writing ten days before the shareholders' meeting is convened. The Board shall review the Shareholder's proposal and submit it to the shareholders' meeting for discussion if the issues involved in the Shareholder's proposal are directly related to the Company and do

not exceed the terms of reference of the shareholders' meeting as stipulated by laws, regulations and the Articles of Association. Subject to compliance with the relevant procedural requirements, the convener of the shareholders' meeting shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal and announce the contents of the interim proposal. The contents of the interim proposals shall be within the business scope of the Company and the scope of duties of the shareholders' meeting and have a direct relationship with the Company, and shall contain specific subjects and concrete matters for approval.

BOARD OF DIRECTORS

The Board of Directors is accountable to the shareholders' meeting. It shall hold four regular meetings every year, and hold extraordinary meetings as required. Notice of regular meetings shall be given to all Directors and Supervisors in writing or by e-mail at least fourteen days before the date of the meeting. Notice of extraordinary meetings shall be given to all Directors and Supervisors at least five days before the date of the meeting, but for extraordinary meetings of the Board of Directors convened due to the Company's crisis or other special or emergency situations and with the unanimous consent of all Directors, the above time limit shall not apply.

All Directors shall act honestly in the best interests of the Company.

Composition

As at the end of the Reporting Period, the Board of Directors consisted of 13 Directors, among which including 3 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors. Directors serve a term of 3 years and may serve consecutive terms if re-elected. Details are as follows:

Name	Position(s)
ZHANG Weigong	Chairman of the Board, Executive Director and Chief Executive Officer
LI Ke	Executive Director, Joint Chief Executive Officer and General Manager
PENG Jihai	Executive Director, Joint Chief Executive Officer, Deputy General Manager, Chief Financial Officer, Head of Investment and Chief Investment Officer
CAI Qiwu	Non-executive Director
WANG Jingwei	Non-executive Director
CHEN Yong	Non-executive Director
QIAN Yiqun	Non-executive Director
HOU Huisheng	Non-executive Director
LIU Zhanqing	Independent Non-executive Director
JIA Ning	Independent Non-executive Director
WU Xiaoqiu	Independent Non-executive Director
HONG Qi	Independent Non-executive Director
XU Ying	Independent Non-executive Director

CORPORATE GOVERNANCE REPORT

Note: Due to age reason, Mr. ZHAO Zongren has tendered his resignation to the Board as an executive Director and vice chairman of the Company on March 26, 2025, and Mr. WANG Yongwen has tendered his resignation to the Board as an executive Director of the Company, a member and the chairman of the Risk Management Committee of the Board on March 26, 2025.

During the Reporting Period, the Board of Directors had been at all times in compliance with Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules which stipulate that an issuer must appoint at least three independent non-executive directors and at least one of the independent non-executive directors shall have appropriate professional qualifications or accounting or related financial management expertise, and with Rule 3.10A of the Hong Kong Listing Rules which specifies that an issuer must appoint independent non-executive directors representing at least one-third of the members of the board.

All Directors (including independent non-executive Directors) have brought a variety of valuable working experience and expertise to the Board, enabling the Board to effectively perform its functions. All Directors have agreed to disclose to the Company in a timely manner the number, nature, position, and duration of office at other listed companies or institutions and other major appointments in accordance with the requirements of the Corporate Governance Code.

CORPORATE GOVERNANCE FUNCTIONS

The Company is committed to maintaining the highest level of corporate governance and the Board plays an important role in maintaining sound corporate governance. The corporate governance functions of the Board and its special committees include developing and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring

the training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

DUTIES AND RESPONSIBILITIES

The Board of Directors shall exercise the following functions and powers:

- (1) to convene shareholders' meetings and to report to shareholders' meetings;
- (2) to implement the resolutions of the shareholders' meetings;
- (3) to determine operation plans and investment plans of the Company;
- (4) to determine the debt and financial policies of the Company;
- (5) to decide on annual financial budgets and final accounting plans of the Company;
- (6) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (7) to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of securities and listing, and consider the issuance of corporate bonds;

- (8) to formulate plans for any substantial acquisition by the Company, repurchase of the Shares of the Company, or merger, division, dissolution and change of form of the Company;
- (9) to consider and approve matters such as external investments, purchase of assets, disposal and write-off of assets and asset mortgage and material related party transactions, for each occasion the amount representing less than 20%, but more than 3% of the latest audited total assets value of the Company;
- (10) to formulate management policies in respect of external investments, purchase of assets, disposal and write-off of assets, asset mortgage and related party transactions in accordance with the Articles of Association;
- (11) to consider and approve guarantees authorized by the shareholders' meeting;
- (12) to consider and approve any single donation exceeding more than one point five thousandth and less than five thousandth of the Company's net assets in its most recent audited consolidated financial statements and any donations made after accumulated donations of over five thousandth (but still less than one hundredth) of the Company's net assets in its latest audited consolidated financial statements in one accounting year;
- (13) to decide on the establishment of the Company's internal management structure;
- (14) to appoint or remove the chief executive officer of the Company or other senior management based on the nominations of chairman of the Board of Directors and determine their remuneration and penalties;
- (15) to formulate the basic management policies of the Company;
- (16) to formulate proposals for any amendments to the Articles of Association;
- (17) to formulate rules of procedure for shareholders' meeting and Board of Directors; to consider and approve the detailed working rules for professional board committees;
- (18) to manage the disclosure of information of the Company;
- (19) to consider and review the working report and review the work of the chief executive officer of the Company;
- (20) to decide on the method of provisioning for value award fund and its system for usage and allocation;
- (21) to propose to the shareholders' meeting to engage or dismiss accounting firms that provide regular statutory audit on financial reports of the Company;
- (22) to select and engage the external auditor for audit on the Company's directors and senior management;
- (23) other functions and powers conferred by laws, regulations, regulatory requirements, listing rules of the stock exchange of the place where the Shares of the Company are listed or the Articles of Association and by shareholders' meetings.

CORPORATE GOVERNANCE REPORT

The Board is a standing decision-making body of the Company. The Board has set up special committees such as the Strategy and Investment Decision Committee, the Risk Management Committee, the Audit Committee, the Nomination and Remuneration Committee, the Related Party Transactions Control Committee, the Consumer Rights Protection Committee and the ESG (Environment, Social Responsibility and Corporate Governance) Committee to effectively support the scientific decision-making of the Board and improve the work efficiency of the Board. When performing their functions, each special committee may engage independent professionals or institutions outside the Company to provide assistance. The Company shall provide conditions for such assistance, and the reasonable expenses incurred therefrom shall be

borne by the Company. In addition, the Company has formulated internal policies, including but not limited to the Articles of Association and the Terms of Reference of each special committee, to ensure that the Directors can obtain independent views and opinions. These policies cover the Company's rights in respect of the election procedures and selection criteria of Directors (including independent non-executive Directors), the related Directors' abstaining from voting system, and the independent non-executive Directors' independent review opinions. The Company has reviewed the implementation and effectiveness of the above mechanism and is of the view that the above mechanism can ensure the Board can obtain independent views and opinions.

Summary of Work Undertaken

During the Reporting Period, the Directors' attendance records of the shareholders' meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)
ZHANG Weigong	2/2	100
ZHAO Zongren	0/0	–
LI Ke	2/2	100
PENG Jihai	2/2	100
WANG Yongwen	0/0	–
CAI Qiwu	2/2	100
WANG Jingwei	2/2	100
CHEN Yong	2/2	100
QIAN Yiqun	2/2	100
HOU Huisheng	2/2	100
LIU Zhanqing	2/2	100
JIA Ning	2/2	100
WU Xiaoqiu	2/2	100
HONG Qi	2/2	100
XU Ying	2/2	100

Note: With effect from March 26, 2025, Mr. ZHAO Zongren and Mr. WANG Yongwen no longer served as executive directors of the Company.

During the Reporting Period, the Directors' attendance records of the Board meeting were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
ZHANG Weigong	6/6	100	0/6	0
ZHAO Zongren	1/1	100	0/1	0
LI Ke	6/6	100	0/6	0
PENG Jihai	6/6	100	0/6	0
WANG Yongwen	1/1	100	0/1	0
CAI Qiwu	6/6	100	0/6	0
WANG Jingwei	6/6	100	0/6	0
CHEN Yong	5/6	83.33	1/6	16.67
QIAN Yiqun	6/6	100	0/6	0
HOU Huisheng	6/6	100	0/6	0
LIU Zhanqing	6/6	100	0/6	0
JIA Ning	6/6	100	0/6	0
WU Xiaoqiu	6/6	100	0/6	0
HONG Qi	6/6	100	0/6	0
XU Ying	6/6	100	0/6	0

Note: With effect from March 26, 2025, Mr. ZHAO Zongren and Mr. WANG Yongwen no longer served as executive directors of the Company.

During the Reporting Period, the Board held a total of 6 meetings, at which 78 proposals were considered and approved and 5 reports were heard. The Directors have exercised their voting rights prudently and independently and put forward constructive opinions and suggestions which have effectively facilitated the efficient operation of corporate governance compliance while driving the improvement of operation and management of the Company.

CORPORATE GOVERNANCE REPORT

DIRECTORS

Responsibility with Respect to Financial Statements

The management of the Company has provided the Board with necessary explanations and information enabling all Directors to consider the Company's consolidated financial statements which are submitted to the Board for approval. The Directors are responsible for the preparation of financial statements for every financial year and the interim period thereof which shall reflect a true and fair view of the business operations of the Company by implementing proper accounting policies in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and implementing the accounting regulations issued by the Ministry of Finance and the Chinese insurance regulatory authority subject to compliance with the International Financial Reporting Standards.

The Board has confirmed that it is responsible for the preparation of the financial statements of the Company for the year ended December 31, 2025. The Company is not subject to any material uncertainties or circumstances which might cast significant doubt on the Company's ability to continue as a going concern.

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.

Training of Directors

During the Reporting Period, all Directors (Mr. ZHANG Weigong, Mr. LI Ke, Mr. PENG Jihai, Mr. CAI Qiwu, Mr. WANG Jingwei, Mr. CHEN Yong, Ms. QIAN Yiqun, Mr. HOU Huisheng, Mr. LIU Zhanqing, Ms. JIA Ning, Mr. WU Xiaoqiu, Mr. HONG Qi and Mr. XU Ying, and the executive Directors Mr. ZHAO Zongren and Mr. WANG Yongwen who retired during the Reporting Period) were actively involved in continuous improvement in professional competence and participated in various kinds of training activities relating to corporate governance, the Hong Kong Listing Rules and risk management which were organized by regulatory authorities, industrial organizations and the Company, so as to develop and update their knowledge and skills and improve their performance ability, with the aim of making contributions to the Board with comprehensive information under appropriate circumstances.

Chairman of the Board/CEO

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. As at the Latest Practicable Date, the Board comprised 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 the separation of the roles of chairman of the Board and chief executive officer is necessary.

In order to meet the needs of the Company's listing on the Hong Kong Stock Exchange and the strategic transformation and development under the new situation, strengthen the stability of the Company's development and mechanism optimization, boost the healthy and sustainable development of the Company, and draw on the effective practices of global corporate governance, the Board approved the establishment of the joint chief executive officer (Joint CEO) mechanism to effectively reinforce the collective decision-making of the Executive Committee and continuously improve the management and execution capability of the Company, and Mr. LI Ke, and Mr. PENG Jihai were appointed as joint chief executive officers. The joint chief executive officers shall exercise management leadership over the relevant business segments under the leadership or authority of the Chairman of the Board/CEO of the Company, respectively.

Term of Office of Non-executive Directors

The term of office of non-executive Directors (including independent non-executive Directors) is three years.

Independence of Independent Non-executive Directors

Each of the independent non-executive Directors has complied with the independence guidance requirements set out in Rule 3.13 of the Hong Kong Listing Rules, and has submitted their letters of confirmation regarding their independence to the Company. As such, the Company considers that all independent non-executive Directors are still independent.

Nomination of Directors

The Nomination and Remuneration Committee of the Board of Directors is mainly responsible for proposing candidates for Directors, reviewing and making recommendations to the Board of Directors and the Board of Supervisors on the nomination of candidates for Directors, Supervisors and senior management.

Remuneration of Directors

The Board has established the Nomination and Remuneration Committee with written terms of reference. As at the end of the Reporting Period, the Nomination and Remuneration Committee consisted of three independent non-executive Directors, being Mr. LIU Zhanqing (chairman), Mr. WU Xiaoqiu and Mr. XU Ying.

In 2025, except for independent non-executive Directors who received Directors' fees from the Company, all other Directors did not receive any remuneration from the Company in the capacity of Directors. Executive Directors received remuneration in accordance with their specific management positions in the Company. The remuneration packages of independent non-executive Directors are determined based on the Company's actual situations with reference to market benchmarks.

CORPORATE GOVERNANCE REPORT

SPECIAL COMMITTEES OF THE BOARD

There are seven special committees under the Board, namely the Strategy and Investment Decision Committee, the Risk Management Committee, the Audit Committee, the Nomination and Remuneration Committee, the Related Party Transactions Control Committee, the Consumer Rights Protection Committee and the ESG (Environment, Social Responsibility and Corporate Governance) Committee. Each committee provides opinions and suggestions to the Board with respect to matters within the scope of its responsibilities. The duties and operation process of each special committee are explicitly stipulated in their respective terms of reference.

THE STRATEGY AND INVESTMENT DECISION COMMITTEE

Composition

As at the end of the Reporting Period, the Strategy and Investment Decision Committee comprised three Directors, including two executive Directors and one independent non-executive Director.

Chairman: LI Ke (Executive Director)

Members: PENG Jihai (Executive Director), WU Xiaoqi (Independent Non-executive Director)

Duties and responsibilities

The main duties of the Strategy and Investment Decision Committee are reviewing and making proposals on the Company's medium and long-term development strategies and major investment decisions, and making decisions on related matters within the authority of the Board of Directors.

The Strategy and Investment Decision Committee shall have a comprehensive understanding of the development of the Company's strategic planning and investment management, supervise the effectiveness of the strategic management and investment decision-making system, undertake the relevant responsibilities of the Company's asset and liability management, review and make comments and suggestions to the Board on the following matters:

- (1) the Company's medium- and long-term development strategies;
- (2) major issues related to the strategic development of the Company;
- (3) annual work report of the Company;
- (4) the Company's investment principles, investment directions, investment systems and basic management systems submitted by the strategy and investment management functional departments;
- (5) the investment scope, investment field, investment plan, etc. of the Company;
- (6) the overall objectives and strategies of the Company's asset and liability management;
- (7) the organizational system, decision-making system and risk management policy for asset and liability management and asset allocation;
- (8) asset allocation policy and its adjustment plan;
- (9) other matters to be considered and the reports and proposals to be considered by the Board.

Summary of work undertaken

During the Reporting Period, the Strategy and Investment Decision Committee held a total of 5 meetings, and considered and approved 14 resolutions.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
LI Ke	5/5	100	0/5	0
PENG Jihai	5/5	100	0/5	0
WU Xiaoqiu	5/5	100	0/5	0

During the Reporting Period, the Strategy and Investment Decision Committee thoroughly studied and discussed the implementation of the Group's three-year development plan for 2022-2024, the three-year development plan for 2025-2027; annual work report, interim work report, asset strategic allocation plan, the issuance of the capital supplementary bonds by the Company and other matters, and put forward opinions and suggestions on medium and long-term development strategy and major investment decisions.

THE RISK MANAGEMENT COMMITTEE

Composition

As at the end of the Reporting Period, the Risk Management Committee comprised three Directors, including two executive Directors and one independent non-executive Director.

Chairman: LI Ke (Executive Director)

Members: PENG Jihai (Executive Director), JIA Ning (Independent Non-executive Director)

Duties and responsibilities

The main duties of the Risk Management Committee are reviewing and making suggestions and recommendations to the Board of Directors on the basic principles, overall goals, fundamental policies, basic systems of risk management, risk appetite and risk tolerance, risk assessment reports as well as risk assessment of major decisions and solutions to major risks.

The Risk Management Committee shall fully understand the major risks faced by the Company and their management status, supervise the effectiveness of the risk management system, review the following matters and provide opinions and suggestions on the decision-makings of the Board:

- (1) basic principles and overall objectives of risk management, including the overall objectives of solvency risk management;
- (2) risk appetite and risk tolerance of the Group;
- (3) basic systems and basic policies for risk management, including risk management policies for solvency risk management;

CORPORATE GOVERNANCE REPORT

- (4) the establishment and duties of the risk management institution, including the organizational structure and duties of solvency risk management;
- (5) risk assessment of major decisions and solutions to significant risks;
- (6) annual internal control report and compliance report;
- (7) the solvency report of the Group;
- (8) annual and interim risk assessment report of the Group and other special risk reports to fully understand the various risks faced by the Group and its major member companies and their management status;
- (9) to evaluate the effectiveness of the operation of the solvency risk management system;
- (10) to assess the risks of significant operational and management matters of the Group, and to consider solutions to significant matters related to solvency management;
- (11) reports on major investments of the Company;
- (12) to examine material risk exposures disclosed by the Company;
- (13) other matters to be considered.

Summary of work undertaken

During the Reporting Period, the Risk Management Committee held a total of 5 meetings, considered and approved 34 resolutions.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
WANG Yongwen	1/1	100	0/1	0
LI Ke	4/4	100	0/4	0
PENG Jihai	5/5	100	0/5	0
JIA Ning	5/5	100	0/5	0

Note: With effect from March 26, 2025, Mr. LI Ke served as the member and the chairman of the Risk Management Committee and Mr. WANG Yongwen no longer served as the member and the chairman of the Risk Management Committee.

During the Reporting Period, the Risk Management Committee conducted in-depth research and considered the Group's solvency, risk assessment and risk appetite, etc., and performed the duties of risk management and internal control review.

THE AUDIT COMMITTEE

Composition

As at the end of the Reporting Period, the Audit Committee comprised three Directors, all of whom are independent non-executive Directors.

Chairman: HONG Qi (Independent Non-executive Director)

Members: JIA Ning (Independent Non-executive Director), XU Ying (Independent Non-executive Director)

Duties and responsibilities

The Audit Committee is mainly responsible for regularly reviewing the internal control assessment reports, the risk assessment reports and the compliance management reports, etc.; and making suggestions and recommendations for improvement to the Board of Directors on the Company's internal control, risks and compliance issues.

The main duties and authorities of the Audit Committee include:

- (1) to make proposals regarding the appointment, reappointment, removal or replacement of the external auditors, to approve the remuneration and appointment terms applicable to the external auditors, and attend to any issues related to the external auditors' resignation or dismissal;
- (2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; the Audit Committee shall discuss the nature and scope of audit and related reporting responsibilities with the external auditors prior to the commencement of the audit;
- (3) to develop and implement policies on engaging external auditors to provide non-audit services. For this purpose, external auditors include any entity which is under common control, ownership or management with the audit firm or any entity which a reasonably informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report and make recommendations to the Board on any matters where action or improvement is needed;
- (4) to review the Company's internal audit management system and make recommendations to the Board;
- (5) to provide guidance on the effective operation of the Company's internal audit, review the Company's annual internal audit plan, internal audit budget and human resources plan, and make recommendations to the Board and be responsible for the management and implementation after consideration and approval by the Board;
- (6) to review the internal audit report, assess the internal audit results and supervise the rectification of material issues;

CORPORATE GOVERNANCE REPORT

- (7) to review the integrity of the Company's financial statements, annual reports, accounts, interim reports and (if to be published) quarterly reports, review and express opinions on the significant opinions on financial reporting contained in the statements and reports. Prior to the submission of the relevant statements and reports to the Board, the Audit Committee shall specifically review the following issues: any changes in accounting policies and practices; major judgemental areas; significant adjustments resulting from audit; the going concern assumptions and any qualified opinions; compliance with accounting standards; and compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting. For the purpose of this subsection, the Audit Committee should liaise with the Board and the senior management of the Company. The Audit Committee must meet, at least twice a year, with the auditors of the Company. The Audit Committee shall consider any significant or unusual items that shall be, or may need to be, reflected in such reports and financial statements, and shall give due consideration to any matters that have been raised by the responsible personnel from the Company's internal accounting and finance, internal audit, compliance departments or the auditors;
- (8) to review the financial control and internal control system of the Company;
- (9) to evaluate the work of the Chief Auditor and give opinions to the Board, and receive report from the Chief Auditor on the progress of the audit work at least quarterly;
- (10) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to build and maintain effective systems. The content of this discussion should include the adequacy of resources, staff qualifications and experience for accounting and financial reporting functions, and the adequacy of the staff training programmes and the related budget;
- (11) to consider major investigation findings on risk management and internal control matters and the management's response to these findings on its own initiative or as delegated by the Board;
- (12) to ensure the coordination between internal and external auditors; to ensure that the internal audit function is adequately resourced for operation and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (13) to review the financial and accounting policies of the Group (including the Company and subsidiaries within the scope of the consolidated statements) and their implementation;
- (14) to review the external auditors' management letter to the management, any significant queries raised by the auditors to the management about accounting records, financial accounts or control systems and the management's response;
- (15) to ensure that the Board provides a timely response to the issues raised in the external auditors' management letter to the management;

- (16) to report to the Board on the above matters and other matters set out in the code provision D.3.3 of Appendix C1 to the Hong Kong Listing Rules (and the provisions as amended from time to time);
- (17) to consider other topics as identified by the Board;
- (18) to review the arrangements of the Company which enable its employees to raise concern, on a confidential basis, over any possible misconduct in financial reporting, internal control or other aspects of the Company. The Audit Committee shall ensure that proper arrangements are made for the Company to conduct fair and independent investigation on such matters and take appropriate actions;
- (19) to perform the role as a major representative of the Company to liaise with the external auditors and supervise their relationship;
- (20) other duties and authorities conferred by laws, regulations, regulatory requirements, securities regulatory rules of the place where the Company's Shares are listed and the Board of the Company.

Summary of work undertaken

During the Reporting Period, the Audit Committee held a total of 5 meetings, and considered and approved 28 resolutions.

Attendance records of the meetings were as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
HONG Qi	5/5	100	0/5	0
JIA Ning	5/5	100	0/5	0
XU Ying	5/5	100	0/5	0

During the Reporting Period, the Audit Committee discussed and considered the annual report, final financial report, interim report, appointment of annual audit institution, internal audit work report, internal control audit report, mid-term and exit audit reports on Directors and senior management and other matters, continued to strengthen communication and liaison with internal and external auditors and provided the Board with opinions and advice relating to finance, internal control and compliance in a timely manner, which kept enhancing the corporate governance level of the Company.

CORPORATE GOVERNANCE REPORT

THE NOMINATION AND REMUNERATION COMMITTEE

Composition

As at the end of the Reporting Period, the Nomination and Remuneration Committee comprised three independent non-executive Directors.

Chairman: LIU Zhanqing (Independent Non-executive Director)

Members: WU Xiaoqiu (Independent Non-executive Director), XU Ying (Independent Non-executive Director)

Duties and responsibilities

The Nomination and Remuneration Committee is mainly responsible for reviewing the election system, assessment standards and remuneration incentives for Directors and senior management; proposing candidates for Directors, reviewing and making recommendations to the Board of Directors and the Board of Supervisors on candidates of Directors, Supervisors and senior management; and conducting performance appraisals of senior management. The Nomination and Remuneration Committee shall avoid being influenced by Shareholders in exercising the above functions and powers and exercise the right to nominate Directors independently and prudently.

The main duties and authorities of the Nomination and Remuneration Committee are as follows:

- (1) to review the criteria and procedures for selecting Directors and the senior management;
- (2) to review the qualification of the Directors, Supervisors and the senior management and make recommendations;

- (3) to at least annually review the structure, size and constitution of the Board (including skills, knowledge and experience) and to make recommendations about the proposed changes to the Board in order to complement the Company's strategies;
- (4) to identify individuals suitably qualified to serve as a member of the Board, select and nominate such individuals or make recommendations to the Board on the selection of individuals nominated for directorships;
- (5) to assess the independence of independent non-executive Directors;
- (6) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and chief executive officer;
- (7) to review the appraisal standards and remuneration incentives for Directors and the senior management, and to make recommendation to the Board on the Company's policy and structure for all Directors and the senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (8) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (9) to assess the performance of the Directors and the senior management's duties, conduct annual performance appraisals of the senior management and make recommendations to the Board;

- (10) to supervise the implementation of the remuneration policies of the Company;
- (11) to make recommendations to the Board on the remuneration package of an executive Director or a member of the senior management, including benefits in kind, pension rights and compensation payments, including the compensation payable for loss or termination of their office or appointment;
- (12) to make recommendations to the Board on the remuneration of non-executive Directors;
- (13) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- (14) to review and approve compensation payable to executive Directors and the senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms or on terms that are otherwise fair and reasonable and not excessive;
- (15) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or on terms that are otherwise reasonable and appropriate;
- (16) to ensure that no Director or any of his/her associates (as defined under the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;
- (17) to review and determine other matters in accordance with the laws, regulations, regulatory provisions and securities regulatory rules of the place where the Company's Shares are listed, or under the authorization of the Board.

Summary of work undertaken

During the Reporting Period, the Nomination and Remuneration Committee held a total of 3 meetings, at which 14 resolutions were considered and approved.

The attendance records of the meetings are as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
LIU Zhanqing	3/3	100	0/3	0
WU Xiaoqiu	3/3	100	0/3	0
XU Ying	3/3	100	0/3	0

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Nomination and Remuneration Committee earnestly performed its duties, discussed and considered matters such as the results of the performance evaluation of senior management, the assessment and incentive scheme, the appointment and removal of senior management, the qualification and condition of the candidates of executive directors, amendment of the remuneration management system, etc., so as to urge the Company to improve the incentive and restraint mechanism and continuously improve the effectiveness of the incentive mechanism.

According to the provisions of laws and regulations, normative documents, regulatory requirements and the Articles of Association, the election of Director candidates shall first go through preliminary review by the Nomination and Remuneration Committee that shall then make nomination to the Board, and the Board shall propose the candidates to the shareholders' meeting of the Company for election by way of resolutions. Members of the Board shall finally be elected by the shareholders' meeting of the Company. The Nomination and Remuneration Committee shall provide opinions on its review and consideration and recommend candidates to the Board in accordance with the provisions of the

nomination rules, after comprehensive consideration of the size and order of the number of Shares held by the nominating Shareholders, the qualifications and cultural identities of the nominated candidates, and the Diversity Policy. Pursuant to the Corporate Governance Code, the Board of Directors of the Company continued to implement the Diversity Policy. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural, educational background, industry experience, technical capability, professional qualifications and skills, knowledge, length of service and other relevant factors. The Board will also take into account the Company's business model and specific needs. The ultimate selection of candidates for directorship will be based on merit and contribution that the selected candidates will bring to the Board of Directors.

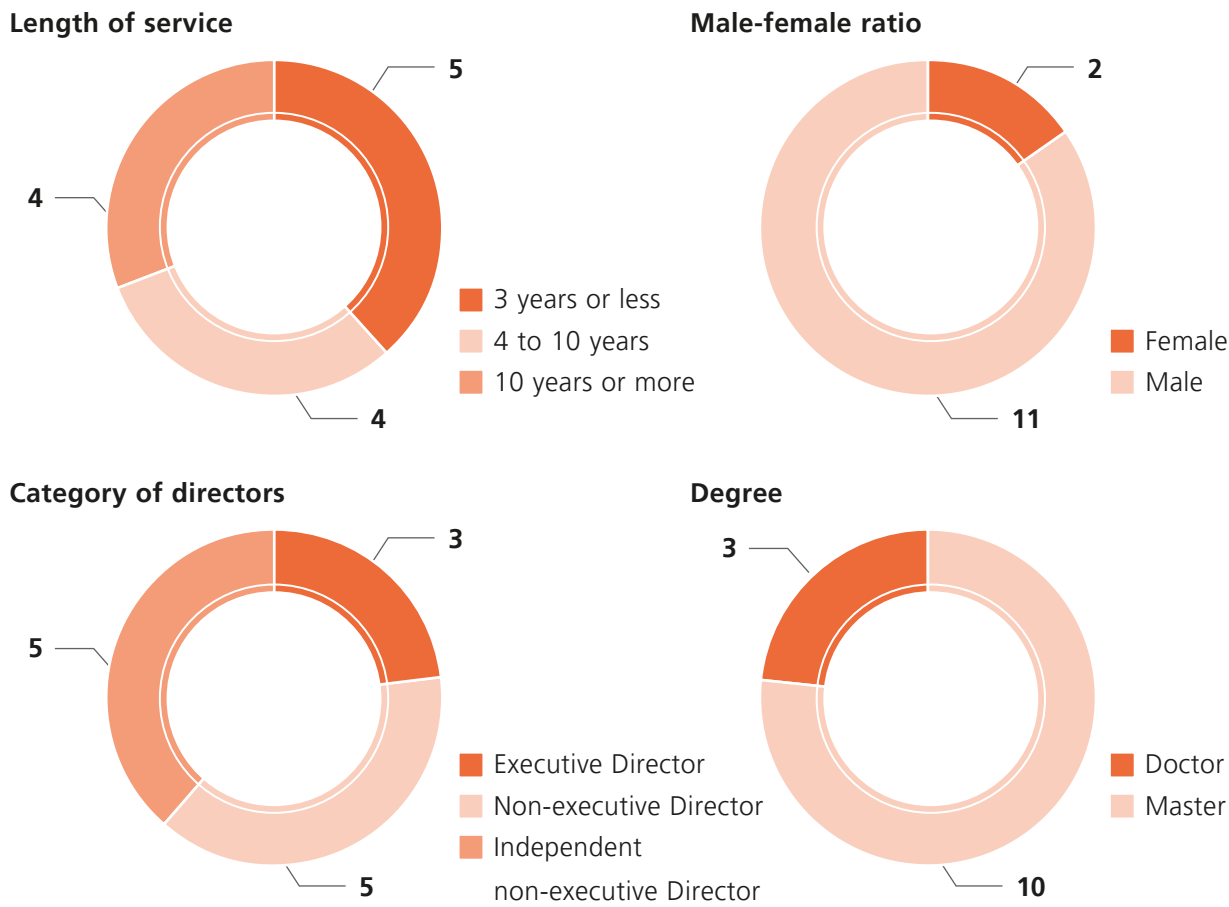
The Nomination and Remuneration Committee is responsible for the supervision of the implementation of the Board Diversity Policy. Nomination and Remuneration Committee will review the Board Diversity Policy annually to ensure its continued effectiveness. Our Company will (i) disclose the biographical details of each Director; and (ii) report on the implementation of the Board Diversity

Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, as the Board has two female members currently, composition of the Board is in compliance with the Hong Kong Listing Rules in relation to gender diversity of Board members and meets the requirements of the Board Diversity Policy. The Company takes into account the importance and benefits of gender diversity of the Board and its Board Diversity Policy ensures that there will be alternate potential successors to the Board to continue the established gender diversity of the Board. During the Reporting Period, the senior management and the Board of Supervisors include multiple female members. Our Company also intends to promote gender diversity when recruiting staff at the middle to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-round training to female employees whom we consider to have suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and

finance, legal and compliance. We are of the view that such strategy will offer chances for our Board to identify capable female employees to be nominated as members of the Board in the future with an aim to provide our Board with a pipeline of female candidates to achieve gender diversity in our Board in the long run. The Nomination and Remuneration Committee will use its best endeavors to identify and recommend qualified female candidates to our Board for its consideration on appointment of a Director, subject to our Directors: (i) being satisfied with the competence and experience of the relevant candidates based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of our Company and our Shareholders as a whole when considering the appointment. Our Company believes that such merit-based selection process with reference to our Diversity Policy and the nature of our business will be in the best interests of our Company and our Shareholders as a whole. The Nomination and Remuneration Committee is of the view that the composition of the Board during the Reporting Period meets the requirements of the Board Diversity policy.

CORPORATE GOVERNANCE REPORT

As at the end of the Reporting Period, the Board consisted of 13 Directors. The diverse Board composition is as follows:



The Company is committed to ensuring gender diversity in its workforce. As at the end of the Reporting Period, 42.1% of the Company’s employees were male and 57.9% were female. The Company believes that the current gender diversity of the Company’s employees is balanced and will continue to maintain gender diversity in the employee structure.

THE RELATED PARTY TRANSACTIONS CONTROL COMMITTEE

Composition

As at the end of the Reporting Period, the Related Party Transactions Control Committee consisted of three Independent Non-executive Directors.

Chairman: XU Ying (Independent Non-executive Director)

Members: LIU Zhanqing (Independent Non-executive Director), HONG Qi (Independent Non-executive Director)

Duties and responsibilities

The Related Party Transactions Control Committee is mainly responsible for the identification and maintenance of related persons, and the management, review, approval and risk control of related party transactions. The Related Party Transactions Control Committee focuses on the compliance, fairness and necessity of related party transactions, and is responsible for the compliance of related party transactions. Its main responsibilities include:

- (1) to review the Company's related party transaction management system and submit it to the Board for approval;
- (2) to review significant related party transactions of the Company and submit them to the Board for approval;
- (3) to file general related party transactions that have been reviewed through the Company's internal management system and authorization procedures;
- (4) to review special reports on the Company's related party transactions and report them to the Board;
- (5) to be responsible for the risk control of the Company's related party transactions;
- (6) to consider other matters related to related party transactions as authorized by the Board.

Summary of work undertaken

During the Reporting Period, the Related Party Transactions Control Committee held 4 meetings to consider and approve 4 resolutions.

The attendance records of the meetings are as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
XU Ying	4/4	100	0/4	0
LIU Zhanqing	4/4	100	0/4	0
HONG Qi	4/4	100	0/4	0

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Related Party Transactions Control Committee discussed and considered matters such as the special report on related party transactions, material related party transactions, amendment of the related party transactions management system and other matters.

THE CONSUMER RIGHTS PROTECTION COMMITTEE

Composition

As at the end of the Reporting Period, the Consumer Rights Protection Committee consisted of three Directors, including one executive Director and two non-executive Directors.

Chairman: LI Ke (Executive Director)

Members: WANG Jingwei (Non-executive Director),
QIAN Yiqun (Non-executive Director)

Duties and responsibilities

The Consumer Rights Protection Committee is mainly responsible for submitting work reports on consumer rights protection and annual reports to the Board of Directors; instructing and supervising the establishment and improvement of the management system for consumer rights protection; supervising the work of senior management and consumer rights protection department; reviewing the work reports submitted by the senior management and consumer rights protection department, studying on annual audit reports, regulatory notifications and internal assessment results related to consumer rights protection, and supervising the senior management and relevant departments to settle various problems identified. The Consumer Rights Protection Committee shall understand the implementation of the Company's consumer rights protection work, ensure that the relevant rules and regulations are in line with corporate governance, corporate culture construction and business development strategies,

review the following matters, and provide opinions and suggestions to the Board of Directors:

- (1) the Company's work strategies, policies and objectives for consumer rights protection;
- (2) the implementation and supervision mechanism, review mechanism, internal assessment mechanism and information disclosure mechanism for the Company's consumer rights protection decision-making;
- (3) the management system of consumer rights protection of the Company;
- (4) the implementation of the Company's consumer rights protection strategies, policies and objectives and the implementation of work;
- (5) working reports and annual reports on consumer rights protection of the Company;
- (6) major issues and important policies on consumer rights protection;
- (7) audit reports, regulatory notices and internal assessment results related to the protection of consumer rights of the Company;
- (8) guidance on the disclosure of material information on consumer rights protection;
- (9) other matters to be considered.

Summary of work undertaken

During the Reporting Period, the Consumer Rights Protection Committee held a total of 3 meetings, at which 3 resolutions were considered and approved.

The attendance records of the meetings are as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
LI Ke	3/3	100	0/3	0
WANG Jingwei	3/3	100	0/3	0
QIAN Yiqun	3/3	100	0/3	0

During the Reporting Period, the Consumer Rights Protection Committee actively performed its duties, discussed and considered matters such as the annual report and work plan for consumer rights protection, the interim work report and the evaluation report on the supervision of customer rights protection.

THE ESG (ENVIRONMENT, SOCIAL RESPONSIBILITY, CORPORATE GOVERNANCE) COMMITTEE
Composition

As at the end of the Reporting Period, the ESG (Environmental, Social Responsibility, Corporate Governance) Committee consisted of three Directors, including one executive Director, one independent non-executive Director and one non-executive Director.

- Chairman: WU Xiaoqiu (Independent Non-executive Director)
- Members: PENG Jihai (Executive Director), HOU Huisheng (Non-executive Director)

Duties and responsibilities

The ESG (Environment, Social Responsibility and Corporate Governance) Committee is mainly responsible for strengthening and reviewing the matters related to the environmental protection, social responsibility and corporate governance strategies of the Company, assessing and making recommendations on major decisions related to company business and investment management that may affect the environment and social responsibility, as well as the inappropriate attitudes, words and actions of senior management; assessing and making recommendations on the qualifications and performance of investors, Shareholders, Directors and significant changes that may change the Company’s values and affect the stability of corporate governance; also making recommendations to the shareholders’ meeting and the Board of Supervisors of the Company when necessary; reviewing the annual Corporate Social Responsibility Report and the Environmental, Social and Governance Report which are contained in the Company’s annual report and/or published separately; reviewing or making decisions on other matters related to environment, social and governance. The main duties and authorities of the ESG (Environmental, Social Responsibility and Corporate Governance) Committee include:

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- (1) to review the Company's environmental, social and governance vision, objectives and strategies, and make recommendations on relevant environmental, social responsibility and governance work and the green finance development plan of the Company to the Board for approval;
- (2) to monitor and review the Company's environmental, social responsibility and governance policies and practices to ensure that such policies and practices are appropriate and comply with applicable legal and regulatory requirements and international standards;
- (3) to evaluate and make recommendations to the Board on significant matters relating to corporate governance, such as changes in Shareholders, changes in Directors and senior management, and to make recommendations to the shareholders' meeting and the Board of Supervisors of the Company when necessary;
- (4) to evaluate and make recommendations to the Board on the impact of the qualification, behavior and performance of the Shareholders, Directors and senior management of the Company on corporate governance, and to make recommendations to the shareholders' meeting and the Board of Supervisors of the Company when necessary;
- (5) to evaluate and make recommendations to the Board on the establishment of the Company's corporate values (including the Company's and the Group's values and culture) and the implementation of the Company's values, corporate culture and business philosophy by the Company's Shareholders, Directors, senior management and stakeholders, and to make recommendations to the shareholders' meeting and the Board of Supervisors of the Company when necessary;
- (6) in case of any changes to the largest Shareholder of the Company, prior to the consideration of the Board, the Committee shall evaluate the impact on corporate governance and make recommendations to the Board;
- (7) in the event of a repurchase of the Company's Shares or other circumstances which may affect the stability of the Company's corporate governance, the Board and other institutions of the Company shall seek opinions from the Committee before taking countermeasures. The Committee may also make recommendations to the shareholders' meeting, the Board and the management on the measures to be taken by the Company based on its own judgement;
- (8) where the chairman of the Board, general manager and other key personnel of the Company and the external auditors are dismissed before the expiry of their terms of office, they shall be assessed by the Committee before a resolution is made by the shareholders' meeting or the Board;
- (9) to monitor the implementation of the Company's environmental, social and governance work, formulate objectives and evaluate work results;
- (10) to review the reports prepared and/or disclosed in accordance with relevant regulatory requirements such as annual Sustainability Report, Green Finance Work Report and the separate Environmental, Social and Governance Report and/or the same in the Company's annual report and make recommendations to the Board for approval;

- (11) to review and evaluate the performance of the Committee and the scope of authority set out in this rule to ensure it is operating at maximum effectiveness and recommend any changes it considers appropriate to the Board for approval;
- (12) to decide on other matters related to environment, society and governance.

Summary of work undertaken

During the Reporting Period, the ESG (Environment, Social Responsibility and Corporate Governance) Committee held a total of one meeting and considered and approved 2 resolutions.

Attendance records of the meetings are as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
WU Xiaoqiu	1/1	100	0/1	0
PENG Jihai	1/1	100	0/1	0
HOU Huisheng	1/1	100	0/1	0

During the Reporting Period, the ESG (Environmental, Social Responsibility and Corporate Governance) Committee discussed and considered the sustainability report, amendment of systems and other matters.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is of the view that good risk management and internal control play a pivotal role in the operation of the Company. The Board is ultimately responsible for the Company’s risk management, internal control and compliance management to establish an effective risk management and internal control system and continuously improve it.

MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Risk management and internal control are the foundation of the Company’s stable operation and high-quality development. We continued to devote

significant resources to improving our risk management and internal control, establishing a comprehensive and unified risk management framework and internal control system, and further strengthening our capabilities in these two areas.

Our Company has established a matrix risk management framework. Vertically, our risk management framework covers the Board of Directors, senior management and relevant functional departments, and our subsidiaries, covering each business segment as well as relevant branches at all levels. Horizontally, we have built our “three-line” defense mechanism, consisting of relevant business departments and functional departments as the first line, the risk control functional departments as the second line, and the inspection and auditing

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departments as the third line. Our “three-line” defense mechanism operates in accordance with their designated functions and coordinates with each other.

The Board bears the ultimate responsibility for comprehensive risk management. The Risk Management Committee of the Board, as a specialized risk management committee under the Board, reviews matters related to risk management and makes suggestions and recommendations to the Board in this regard, including basic principles and overall objectives of risk management, basic policies and systems for risk management, the organizational structure and duties of risk management, annual risk assessment report, the solvency report and other reports related to risk management, and assessments of risks in relation to significant operational and management matters of the Group, and supervises the management to manage and control risks. The Company has established the Risk Management Committee at the management level, serving as a coordinating and deliberative body for specific work of risk management of the Company and assisting the senior management in establishing, improving and effectively implementing the risk management mechanism. The Company appoints the chief risk officer responsible for work related to comprehensive risk management and reporting to the Board and its Risk Management Committee. The functional departments of the first line of defense of the Company such as the finance department and investment department bear the primary responsibility for risk management. The risk management department takes the lead in overseeing the comprehensive risk management of the Company, and organizes annual risk assessments. The supervision and audit department monitors the implementation of risk management policy and evaluates the effectiveness of the solvency risk management system.

The Company deems that good internal control is crucial for the operation of the Company. The Board is ultimately responsible for the Company’s internal control and is committed to establishing, implementing and improving an adequate and effective internal control system to achieve the internal control objectives. The Board is responsible for instructing the establishment of the Company’s internal control management system; evaluating regularly the soundness, reasonableness and effectiveness of internal control; considering and approving the establishment of the Company’s internal control organizational structure, major internal control policies, and disposal of significant risk events; setting acceptable risk levels; and providing reasonable assurance that the Company operates prudently within the framework of laws and policies. The Audit Committee under the Board is responsible for overseeing the Company’s internal control, coordinating internal control audits and other related matters, studying and formulating specific measures to strengthen internal control management, and providing professional advice and recommendations for the Board’s decisions. Each business department and functional department of the Company is responsible for the construction and implementation of internal control and assumes the primary responsibility for the internal control; the internal control compliance department is responsible for the pre- and mid-event coordination and planning of internal control, organization and promotion, real-time monitoring, regular investigation and review, and supervision of the rectification of internal control deficiencies; the inspection and auditing department also supervises and evaluates internal control, which independently assesses and reports on the soundness, rationality and effectiveness of the internal control management system and performs the following internal control duties: (1) formulating and strictly implementing the internal audit management system, establishing relevant rules to clarify the responsibilities

and authority of the internal audit organization and establishing the scope, methods, procedures, reports and other processes and criteria of internal audits to ensure the effectiveness of our internal control and supervision system; (2) implementing comprehensive supervision and evaluation of the internal control status of each business unit and conducting annual evaluation of the soundness, rationality and effectiveness of our overall internal control. The evaluation results shall be reported in accordance with the prescribed time and process, and the feedback shall be provided to the internal control compliance department at the same level to ensure that the defects in internal control will be rectified in a timely manner; and (3) investigating the internal control negligence and to hold relevant personnel accountable, making recommendations for handling such matter, and be responsible for the implementation of subsequent decisions.

Risk Management Techniques and Implementation

During the Reporting Period, the Company adopted the following procedures for identifying, evaluating and managing significant risks:

The Company has always regarded risk management as one of the core elements of its operation and management activities, steadily established a comprehensive risk management system that matches the Group's strategies and business characteristics, continuously improved the risk management organizational structure, standardized the risk management process, adopted qualitative and quantitative risk management methods and tools, conducted risk identification, assessment, monitoring and mitigation, and promoted the sustainable, healthy and stable development of various businesses of the Group under the premise of controllable risks. The Group's risk management work: firstly, the Group has formed a comprehensive risk management culture

from the Company's Board of Directors, professional committees, management, risk management departments to all functional departments and employees, and has gradually established an effective and smooth risk management work and communication mechanism, which has laid a solid foundation for risk management to give full play to its role in daily business activities. Secondly, the Company continued to improve the comprehensive risk management system in accordance with the C-ROSS and other regulatory rules and internal management requirements, covering: (1) risk governance, including continuous improvement of risk governance structure, risk compliance performance assessment and risk management training; (2) risk management strategy and implementation, including strengthening the construction of risk management tools such as risk appetite, comprehensive budget, assets and liabilities, information system and stress test, establishing emergency management mechanism, and effectively preventing and resolving emergencies and major risk events; (3) strengthening the management of insurance risk, market risk, credit risk, liquidity risk, operational risk, strategic risk, reputational risk, risk contagion, concentration risk, organizational structure opaque risk, non-insurance risk, capital and solvency, and reviewing the operation of the risk system in terms of system soundness and compliance effectiveness, so as to promote the continuous improvement of the Company's risk management level and risk management capability; (4) incorporating the impact of climate change on the Company's financial condition and business operations into the Group's comprehensive risk management system and strengthening the management of physical risks (including extreme weather events and long-term climate pattern changes) and transition risks (changes in policies, regulations, technologies, markets, and reputation in the low-carbon transition to mitigate and adapt to climate change), so as to enhance climate resilience. Thirdly, in

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accordance with regulatory requirements, the Company has determined risk appetite based on factors such as the Group's business strategy, capital position, market environment and the business characteristics of major member companies, and has specifically reflected the risk tolerance in terms of capital, earnings and value, liquidity, operation and compliance, reputation and the specific risk dimension of the Group. The Company has strengthened the transmission of risk appetite, scientifically optimized the risk appetite limit indicators, and issued the risk limit control plan. The Company continued to optimize the risk appetite management mechanism, including the establishment and preparation, transmission and implementation, monitoring and early warning, regular reporting, over-threshold disposal, re-evaluation and update of risk appetite, and continued to promote the effective implementation of various risk appetite management mechanisms. Fourthly, the Group continues to optimize the risk management process. Under the guidance and support of the risk management department, each business and functional department of the Company identifies the potential risks that affect the realization of various business objectives of the Company, analyzes and evaluates the identified risks, selects corresponding risk management strategies for different types of risks, establishes a risk monitoring system, monitors and alerts the identified and assessed major risks, reports to the management of the Company, takes a series of countermeasures and mitigation measures for possible risks in a timely manner, and continuously tracks and supervises the implementation of risk measures, so as to effectively reduce the possibility of risks and reduce the adverse impact on the Company's operations. Fifthly, the Company continued to strengthen the development of the intelligent risk control platform, continuously improved the function modules of the system, strengthened risk data collection, achieved online deployment of risk control models and monitoring

tools, and continuously improved the level of intelligent risk control. The Company firmly grasped the red line of risk, held the bottom line of preventing systemic risks, continuously improved the ability of risk prediction, and effectively prevented and controlled risks.

ESTABLISHMENT AND SOUNDNESS OF INTERNAL CONTROL SYSTEM

During the Reporting Period, the Company continued to optimize its internal control management system and strengthened the differentiated internal control and compliance supervision mechanism to gradually solidify the primary responsibility of the first line of defense: (1) Sunshine P&C and Sunshine Life focused on critical areas of risk, established standardized investigation tools and operation standards, and conducted the regular institutional self-inspections, investigations and rectification to continuously enhance the internal control system; (2) Sunshine Surety and Sunshine AMC streamlined systems and control measures with the focus on key risks to constantly reinforce internal control management requirements; (3) the Group Company collaborated with Sunshine P&C and Sunshine Life to conduct inspections on the implementation of work of major institutions, went deep into the front line of business, adopted inspection instead of trainings to improve the employees' competency in internal control management, thereby providing professional support for business development; (4) comprehensively utilised internal and external internal control compliance and risk management data, conducted regular evaluations on the internal control compliance management level of insurance subsidiaries through a combination of qualitative and quantitative evaluation methods to ensure the effectiveness of the work; (5) introduced independent evaluation organizations of third parties to conduct annual internal control audits for group companies, Sunshine P&C, Sunshine Life, Sunshine AMC and Sunshine Surety, to alert management risks

and improve the level of internal control management; (6) promoted the concept and knowledge of internal control management through internal and external training, interagency discussion, and linkage among the three-line defenses to enhance the awareness of employees in internal control.

Procedures and Internal Control Measures for Handling and Disclosing Inside Information

The procedures and internal control measures for identifying, handling and disclosing inside information include:

The Board of Directors of the Company has formulated and implemented relevant supporting systems including the Management Measures for Information Disclosure of Sunshine Insurance Group Company Limited and gradually established a sound process for the reporting, identification and disclosure of inside information to ensure the timeliness and compliance of inside information disclosure.

Through training, sending emails and other means, the Directors, Supervisors, senior management and relevant employees of the Company are encouraged to be aware of and perform the obligations of information disclosure under the Guidelines on Disclosure of Inside Information of the Securities and Futures Commission of Hong Kong and the Hong Kong Listing Rules.

Evaluation of Effectiveness of Risk Management and Internal Control Systems

According to the Risk Management Guidance for Insurance Companies (Bao Jian Fa [2007] No. 23) and the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51) and other regulatory rules, the Company shall analyze and evaluate its risk management system in an all-round way

at least once a year. The scope of evaluation includes the group companies and subordinate subsidiaries and covers risk management system framework and management mechanism, operation of various risk management processes, etc. The relevant departments of the Company have confirmed with the Board that the overall risk management was sound and the solvency risk management system and other systems were designed reasonably and operated effectively in the course of evaluation. After the evaluation, the Board, the Risk Management Committee of the Board and the senior management of the Company were of the view that the overall risk management system of the Company was effective.

In accordance with the Basic Standard for Enterprise Internal Control (Cai Kuai [2008] No. 7) and related guidelines, Principal Rules for the Internal Control of Insurance Companies (Bao Jian Fa [2010] No. 69) and the requirements of the Hong Kong Listing Rules, in light of the actual situations of the Company's internal control system, the Company carried out internal control assessment for 2025, and reviewed the design and operational effectiveness of the internal control systems of the Company and its subsidiaries covering all important aspects including financial control, operational control and compliance control. The Company focused on major business matters, high-risk areas and the Company's capabilities in response to changes of internal and external environments through comprehensive use of individual interviews, walkthrough tests, material reviews and special seminars, etc.

The Board and the management have confirmed that the control systems were sufficient and effective during the Reporting Period. Due to the limitations of internal control and the technical means for internal control assessment, there might still be risks and deficiencies. The Company's risk management framework does not seek to eliminate all risks, but to control them within acceptable limits through identification and

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understanding to maintain business sustainability and create long-term value. It also provides only reasonable but not absolute, assurance against material misrepresentation or loss. The Company will continue optimizing its internal control system and strive to ensure legal compliance, asset security as well as authenticity and completeness of the financial reports and related information, to ensure the fulfillment of its strategic objectives.

Enhanced Internal Control Measures with respect to the Continuing Connected Transaction

Reference is made to the announcement of the Company dated March 16, 2026 in relation to entering into the New Entrusted Investment Management Services Framework Agreement between the Company and Sunshine AMC, a subsidiary of the Company, and confirmation of actual transaction amount in 2025 and revision of annual caps for 2026 and 2027. To further improve and strengthen its internal control framework, and to ensure ongoing compliance in respect of continuing connected transactions, the Company has and/or will put in place enhanced internal control measures to ensure that the transaction amounts of continuing connected transactions are managed within the annual caps:

- (i) On the basis of the Company's existing practice of quarterly compiling the actual amounts incurred under continuing connected transactions and reporting the same to the Related Party Transactions Control Committee of the Board, the Company will further strengthen end-to-end monitoring, as well as entity-specific and tiered control. In respect of the two categories of fees, namely base management fees and excess performance management fees, the Company will implement categorized and entity-specific monitoring, and will comprehensively optimize the monitoring frequency and forecasting mechanism as follows:
 - (a) Implementing categorized monitoring of connected transaction amounts to enhance the granularity and accuracy of monitoring: In respect of base management fees, the Company has conducted routine quarterly monitoring based on assets under management; In respect of excess performance management fees, which are more susceptible to market fluctuations, the Company has established an entity-specific progressive forecasting mechanism with reference to historical performance, under which the estimated aggregate amount of excess performance management fees at the Group level will be broken down to each subsidiary, with monitoring to be conducted on an entity-by-entity basis, thereby improving the accuracy of the underlying data.
 - (b) Optimizing the monitoring frequency to enhance timeliness: On the basis of its existing quarterly calculation of the amount of continuing connected transactions, the Company will increase the monitoring frequency to once per month commencing from the third quarter of each year, so as to strengthen monitoring precision. In addition, in October of each year, the Investment Management Department of the Group will take the lead in conducting a special assessment of the full-year transaction amount, and taking into account factors such as the actual amount incurred in the first three quarters, fourth-quarter capital market dynamics, industry development trends, changes in the Group's business planning and the performance of investment managers, conduct a comprehensive analysis, and make a reasonable assessment and forecast of the full-year transaction amount, balancing forecast accuracy and timeliness.

- (c) Establishing a tiered early warning mechanism, and refining the relevant warning thresholds and control procedures: The annual cap will be divided by quarter into four monitoring checkpoints. If the actual transaction amount at the end of the first quarter of each year reaches or exceeds 30% of the annual cap, or reaches or exceeds 50% of the annual cap at the end of the second quarter, the Related Party Transactions Management Office will issue an early warning, and subsequently calculate the actual transaction amount on a monthly basis; if the actual transaction amount reaches 80% of the annual cap during the first three quarters, the monitoring frequency will be immediately increased to monthly, and the relevant transactions will be reassessed, while preparatory work for subsequent approval procedures and other related matters will be commenced simultaneously.
- (d) Allowing sufficient time for approvals and completing the relevant procedures before the annual cap is exceeded: If, after assessment, there is a reasonable basis to expect that the actual transaction amount is likely to approach or exceed the existing annual caps, the Related Party Transactions Management Office will immediately initiate internal assessment procedures and allow sufficient time for the Board approval and shareholders' approval (if required) and pre-vetting by the Hong Kong Stock Exchange (if required), as well as due diligence by the independent financial adviser (if required), and will, as soon as practicable and where necessary, initiate the Board approval and shareholders' approval (if required) procedures, propose adjustment and apply for an increase in the relevant annual caps, so as to complete all approval and information disclosure procedures before the annual cap is exceeded (i.e. before 31 December of each year).
- (ii) The Company will continue to provide specialized training on connected transaction compliance and internal control to Directors, senior management and relevant personnel responsible for the monitoring and execution of connected transactions, to ensure that such personnel are fully aware of and strictly comply with the applicable rules and the Company's internal policies. In 2025, following the occurrence of the incident involving the continuing connected transaction exceeding the annual cap, the Company strengthened its training in relation to the continuing connected transaction, specialized training sessions have been conducted, including but not limited to (a) An overview of, and guidance on the understanding and recognition of the continuing connected transaction requirements under Chapter 14A of the Listing Rules; (b) Discussions of market precedents for non-compliance with connected transaction requirements under the Listing Rules and disciplinary actions imposed by the Stock Exchange.

BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors, in accordance with the provisions of the PRC Company Law and the Articles of Association, earnestly performed its duties of supervision, enhanced the focus on significant events of the Company and the supervision over the performance of the respective duties by the Directors and senior management, carried out relevant financial supervision and inspection, and made proposals on the further implementation of strategies and the prevention of investment risks to the management, to protect the interests of the Company, Shareholders and employees.

CORPORATE GOVERNANCE REPORT

Composition

As at the end of the Reporting Period, the Board of Supervisors consisted of three Supervisors, including:

Supervisors: ZHUANG Liang (Chairman of the Board of Supervisors and Employee Supervisor), ZHANG Di (Shareholder Supervisor), WANG Zhe (External Supervisor)

Non-employee representative supervisors shall be elected and removed at the shareholders' meeting, while employee representatives shall be elected or dismissed by the employees of the Company through the meeting of employee representatives, meeting of employees or other forms of democratic election. Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected.

Duties and responsibilities

The Board of Supervisors may exercise its powers:

- (1) to inspect the financial status of the Company: the Board of Supervisors shall conduct an investigation and, if necessary, engage accounting firms to assist it in its work at the Company's expense in the event that it discovers any irregularities in the Company's operations;
- (2) to supervise the Directors and senior management in the performance of the Company duties and to propose the dismissal of Directors or senior management who violate laws, administrative regulations, the Articles of Association or resolutions of the shareholders' meeting;
- (3) if an act of a Director and senior management is detrimental to the Company's interests, to require him or her to correct such act;
- (4) to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the Board of Directors intends to submit to the shareholders' meeting and, if in doubt, to be able to appoint, in the name of the Company, a certified public accountant or practicing auditor to assist in reviewing such information;
- (5) to propose the holding of extraordinary shareholders' meetings and, in the event that the Board fails to perform its duty of convening and presiding over a shareholders' meeting as required by the Company Law of the PRC, to convene and preside over such meeting;
- (6) to submit proposals to the shareholders' meeting;
- (7) to represent the Company to negotiate with the Directors and senior management or bringing actions against Directors and senior management members according to Article 189 of the Company Law of the PRC;
- (8) other functions and powers as stipulated in laws and regulations, regulatory requirements and the Articles of Association.

Supervisors may attend meetings of the Board of Directors as non-voting delegates and raise queries or make suggestions in respect of matters that are the subjects of resolutions of the Board of Directors

Summary of work undertaken

During the Reporting Period, the Board of Supervisors convened a total of 5 meetings, considered and studied 60 resolutions, and heard 2 reports. The attendance records of the meetings of the Board of Supervisors are as follows:

Name	Attended in person/eligible to attend	Percentage of attendance in person (%)	Attended by proxy/eligible to attend	Percentage of attendance by proxy (%)
ZHUANG Liang	5/5	100	0/5	0
ZHANG Di	5/5	100	0/5	0
WANG Zhe	5/5	100	0/5	0

The work of the Board of Supervisors is set out in the section headed “Report of the Board of Supervisors” of this annual report.

RESPONSIBILITIES OF SENIOR MANAGEMENT

Senior management includes the chief executive officer, chief operating officer, general manager (i.e., a president), deputy general manager (i.e., a vice president), assistant to general manager (i.e., assistant to president), secretary to the Board, chief compliance officer, chief actuary, chief financial officer and chief auditor. The senior management shall be accountable to the Board and shall be subject to the supervision of the Board of Supervisors. The senior management shall report the operation and management of the Company and provide relevant information in a timely, accurate and complete manner in accordance with the requirements of the Board of Directors and the Board of Supervisors; focusing on the Company’s development strategy, the senior management shall

actively and effectively carry out various operation and management work, and earnestly implement the business plan determined by the Board of Directors, so as to achieve stable and healthy development of various businesses; besides, the senior management shall carry out business management activities in accordance with the Articles of Association and the authorization of the Board, actively implement the resolutions of the shareholders’ meetings and the resolutions of the Board of Directors, and implement the Company’s development strategy and business plan; and perform other important responsibilities as stipulated in relevant laws, regulations, regulatory requirements, Articles of Association and the internal management system of the Company.

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JOINT COMPANY SECRETARIES

During the Reporting Period, as the joint company secretary of the Company, Mr. SHU Gaoyong was responsible for advising the Board on corporate governance and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations. During the Reporting Period, the Company appointed Mr. LAU Kwok Yin, a vice president of SWCS Corporate Services Group (Hong Kong) Limited, as the joint company secretary of the Company, to assist Mr. SHU Gaoyong in discharging his duties as the joint company secretary of the Company, so as to maintain good corporate governance and ensure compliance with the Hong Kong Listing Rules and applicable Hong Kong laws. During the Reporting Period, the principal

contact person of Mr. LAU Kwok Yin in the Company is Mr. SHU Gaoyong.

During the Reporting period, both Mr. SHU Gaoyong and Mr. LAU Kwok Yin have participated in not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Hong Kong Listing Rules.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS

During the Reporting Period, there were no relationships in respect of finance, business, or family among the Directors, Supervisors and senior management of the Company.

AUDITOR'S FEES

During the Reporting Period, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young ("E&Y") as the auditors of the Company's financial statements under CAS and IFRS respectively. For the year 2025, the Company paid the following fees to E&Y:

<i>Unit: RMB million</i>	
Name of service	Fee
Annual statutory audit services	19
Non-audit service	1
Total	20

ARTICLES OF ASSOCIATION

During the Reporting Period, there is no amendment to the Articles of Association made by the Company.

DIVIDEND POLICY

Any proposed distribution of dividends shall be formulated by the Board and will be subject to the approval of the shareholders' meeting. A decision to declare or to pay any dividends and the amount of any dividends will depend on a number of factors, including the Company's results of operations, cash flows, financial condition, capital adequacy ratio, cash dividends paid by the subsidiaries to the Company, business prospects, statutory, regulatory and contractual restrictions on the Company's declaration and payment of dividends, and other factors that the Board may consider important.

INVESTOR RELATIONS

The Company stays committed to good partnerships with its investors. The Company has established a Shareholders' communication policy which requires full disclosure of relevant information to investors and/or Shareholders, strengthened the communication with investors and/or Shareholders through various channels and enhanced the interaction and exchange between the investors and Shareholders and deepened their understanding of and trust in the Company. For example, the Company continued to maintain close, adequate and frank communication with investors through results announcement conferences, non-deal roadshows, reception of investors/analysts for investigation and research, investor relations hotline and emails to ensure that all investors have equal access to the opportunities to communicate with the Company, so as to better understand the Company's business philosophy and development strategy, better recognise the Company's value, and establish an open and transparent market

image for the Company. Based on the above measures, the Shareholders' communication policy of the Company can be effectively implemented to ensure the long-term and effective communication between the Company and its Shareholders.

The Company has designated the Securities Affairs Department as the investor relations department. The contact details include telephone number, email address, etc. The contact details are listed in the "Investor Relations" section on the Company's website (www.sinosig.com), where the Company's information is regularly updated, such as the Company's annual/semi-annual results announcement, annual/semi-annual reports, and other information that needs to be disclosed.

INDEPENDENT AUDITOR'S REPORT

**To the shareholders of Sunshine Insurance Group Company Limited
(Incorporated in the People's Republic of China with limited liability)**

Opinion

We have audited the consolidated financial statements of Sunshine Insurance Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 144 to 288, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of insurance contract liabilities</i> As at 31 December 2025, the Group's insurance contract liabilities amounted to RMB537,054 million, representing 88% of total liabilities. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimates and judgements. The valuation of insurance contract liabilities involves significant judgement and estimates over the eligibility for the measurement approach, the determination of coverage unit and the uncertain future cash flows. Complex actuarial models and actuarial assumptions with highly judgemental nature are used to support the valuation of insurance contract liabilities. Key assumptions include mortality, morbidity, lapse rates, discount rates, expenses, claim ratios, policy dividends and risk adjustment for non-financial risk, etc. Relevant disclosures are included in note 2.3(15), note 3 and note 28 to the consolidated financial statements.	With the support of our internal experts, we performed the following audit procedures: • Reviewed the Group's accounting policies in relation to the valuation of insurance contract liabilities. • Evaluated and tested the design and operating effectiveness of key controls over the valuation of insurance contract liabilities. • Evaluated and tested the design and operating effectiveness of the related information technology ("IT") systems and controls over the valuation of insurance contract liabilities, including IT general controls, data transmission and computational logic of the related systems. • Evaluated the reasonableness of key judgements and assumptions. • Assessed the appropriateness of the valuation approaches of insurance contract liabilities. Performed independent recalculation on insurance contract liabilities of selected typical insurance products or groups of insurance contracts. • Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities. • Evaluated the overall reasonableness of the insurance contract liabilities by performing movement analysis and assessing the impact of changes in assumptions.

INDEPENDENT AUDITOR’S REPORT

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of Level 3 financial assets</i>	
As at 31 December 2025, the Group’s financial assets measured at fair value that were classified in Level 3 amounted to RMB81,292 million, representing 12% of the Group’s total assets. We identified valuation of Level 3 financial assets as a key audit matter, as it involved significant management estimates and judgements in the assessment of valuation methodologies and significant unobservable inputs, and could be significantly impacted by use of different valuation methodologies and changes in significant unobservable inputs. Relevant disclosures are included in note 2.3(7), note 3 and note 40 to the consolidated financial statements.	With the support of our internal experts, the audit procedures we performed included: • Evaluated and tested the design and operating effectiveness of key controls over the valuation of Level 3 financial assets. • Assessed the appropriateness of the valuation methodologies adopted by the Group, including comparing them to industry practice and acceptable valuation methods. • Assessed key assumptions used in the valuations, including comparing the significant unobservable inputs to information available from third-party sources and market data. • Performed independent valuation for Level 3 financial assets on a sample basis and compared our results to the management record.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Cheung Bing Yin Benny* (practising certificate number: P06447).

Ernst & Young

Certified Public Accountants

Hong Kong

16 March 2026

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	6	65,066	64,004
Interest income	7	9,976	9,542
Investment income	8	16,188	13,134
Share of profits and losses of associates and joint ventures		703	494
Other income	9	2,878	3,096
Total revenues		94,811	90,270
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	10	(1,605)	(2,377)
Finance costs	11	(1,076)	(1,335)
Other operating and administrative expenses	12	(7,220)	(8,122)
Total expenses		(87,705)	(82,165)
Profit before tax	12	7,106	8,105
Income tax	14	(536)	(2,565)
Net profit		6,570	5,540
Attributable to:			
Owners of the parent		6,307	5,449
Non-controlling interests		263	91
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	15	RMB0.55	RMB0.47
– Diluted	15	RMB0.55	RMB0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025
(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

	2025	2024
Net profit	6,570	5,540
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	(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
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates and joint ventures	(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	(1,179)	(1,739)
Other comprehensive income for the year, net of tax	(8,170)	(1,721)
Total comprehensive income for the year, net of tax	(1,600)	3,819
Attributable to:		
Equity owners of the parent	(1,864)	3,724
Non-controlling interests	264	95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

	Notes	31 December 2025	31 December 2024
ASSETS			
Property and equipment	17	18,496	18,980
Right-of-use assets	18	2,284	2,372
Investment properties	19	9,274	9,710
Investments in associates and joint ventures	20	11,690	10,445
Financial investments:			
Financial assets at fair value through profit or loss	21	178,390	137,579
Financial assets at amortised cost	22	8,108	2,411
Debt financial assets at fair value through other comprehensive income	23	322,611	311,971
Equity financial assets at fair value through other comprehensive income	24	61,021	48,034
Term deposits	25	21,904	9,917
Statutory deposits	26	6,388	6,506
Securities purchased under agreements to resell	27	5,436	5,300
Insurance contract assets	28	285	815
Reinsurance contract assets		5,474	5,259
Deferred tax assets	33	1,325	776
Other assets	29	5,280	5,009
Cash at bank and on hand	30	15,373	6,706
Total assets		673,339	581,790

	Notes	31 December 2025	31 December 2024
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	28	537,054	457,316
Reinsurance contract liabilities		12	23
Lease liabilities		561	594
Bonds payable	31	19,522	19,507
Financial liabilities at fair value through profit or loss		2,998	2,076
Securities sold under agreements to repurchase	32	27,661	22,939
Tax payables		1,141	982
Premiums received in advance		2,932	663
Deferred tax liabilities	33	3	1,492
Other liabilities	34	16,718	12,785
Total liabilities		608,602	518,377
Equity			
Share capital	35	11,502	11,502
Reserves	36	17,204	23,855
Retained profits		29,495	26,725
Attributable to equity owners of the parent		58,201	62,082
Non-controlling interests	37	6,536	1,331
Total equity		64,737	63,413
Total liabilities and equity		673,339	581,790

The consolidated financial statements on pages 144 to 288 were approved and authorised for issue by the Board of Directors on 16 March 2026 and were signed on its behalf by:

ZHANG Weigong

Director

PENG Jihai

Director

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
	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
Net profit	-	-	-	-	-	-	-	-	-	-	6,307	6,307	263
Other comprehensive income	-	-	-	-	-	-	(6,087)	(1,886)	(111)	(87)	-	(8,171)	1
Total comprehensive income	-	-	-	-	-	-	(6,087)	(1,886)	(111)	(87)	6,307	(1,864)	264
Dividend declared	-	-	-	-	-	-	-	-	-	-	(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)
Other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Others	-	168	-	-	-	-	-	-	-	-	-	168	1
As at 31 December 2025	11,502	26,047	2,074	8,602	57	46	22,998	(42,283)	(97)	(240)	29,495	58,201	6,536

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

	Note	2025	2024
Net cash inflows from operating activities	38	64,316	32,603
Cash flows from investing activities			
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)
Net cash outflows from investing activities		(61,663)	(37,618)
Cash flows from financing activities			
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
Net cash inflows/(outflows) from financing activities		6,396	(9,684)
Effects of foreign exchange rate changes		(60)	9
Net increase/(decrease) in cash and cash equivalents		8,989	(14,690)
Cash and cash equivalents at the beginning of the year		12,005	26,695
Cash and cash equivalents at the end of the year		20,994	12,005
Analysis of balances of cash and cash equivalents			
Cash at bank and on hand		15,372	6,706
Investments with an initial term within 3 months		5,622	5,299

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

2 ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

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 ACCOUNTING POLICIES (CONTINUED)

2.2 Effective and issued but not yet effective IFRS Accounting Standards

(1) Effective IFRS Accounting Standards

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

Standards/Amendments	Content
Amendments to IAS 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information

(1) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(1) Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(2) Investments in associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(2) Investments in associates and joint ventures (continued)

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(3) Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(3) Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the date of cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(4) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(5) 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 depend 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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(5) Financial instruments (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at fair value through profit or loss (continued)

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 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(6) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(7) Fair value measurement

The Group measures financial instruments, such as securities at fair value through profit or loss/other comprehensive income, at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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(ALL AMOUNTS EXPRESSED IN RMB MILLION UNLESS OTHERWISE SPECIFIED)

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(7) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

(8) Securities purchased under agreements to resell

The Group enters into purchases of securities under agreements to resell substantially identical securities. The amounts advanced under these agreements are reflected as assets in the statement of financial position. The Group does not take physical possession of securities purchased under agreements to resell. In the event of default by the counterparty to repay the loan, the Group has the right to the underlying securities.

(9) Securities sold under agreements to repurchase

Securities sold under agreements to repurchase are financial liabilities and are recorded at amortised cost. The Group may be required to provide additional collateral based on the fair value of the underlying securities and such collateral assets continue to be carried on the statement of financial position.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(10) Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Depreciation is computed on the straight-line basis over the estimated useful life. The estimated useful life of the investment properties is 20 to 40 years, and the estimated residual value is 5%.

(11) Property and equipment

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(11) Property and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	Estimated residual values	Estimated useful lives
Buildings	5%	25 to 40 years
Office equipment	5%	5 years
Motor vehicles	5%	4 to 20 years
Other equipment	5%	5 to 10 years

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and other items of property as well as costs of equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment or investment properties when completed and ready for use.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(12) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(13) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(14) Insurance guarantee fund

The Group draws insurance guarantee funds in accordance with the Administrative Measures for Insurance guarantee funds.

(15) 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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Definition of insurance contract (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Separating components from an insurance contract (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Level of aggregation of insurance contracts (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

General model (continued)

Measurement on initial recognition (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

General model (continued)

Measurement on initial recognition (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

General model (continued)

Subsequent measurement (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

General model (continued)

Subsequent measurement (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

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;

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

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

- (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;

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

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

- (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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

Measurements for onerous insurance contracts (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Measurement (continued)

Premium allocation approach (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Reinsurance contracts held (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Reinsurance contracts held (continued)

Measurement for reinsurance contracts held (continued)

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;

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Reinsurance contracts held (continued)

Measurement for reinsurance contracts held (continued)

- (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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Reinsurance contracts held (continued)

Measurement for reinsurance contracts held (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Modification and derecognition (continued)

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.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(15) Insurance contracts (continued)

Modification and derecognition (continued)

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(16) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Other than insurance contracts for which potential future losses are already considered in establishing the insurance contract liabilities, a provision is recognised for onerous contracts in which the unavoidable costs of meeting the resulting obligation exceed the expected future economic benefits.

(17) Revenue recognition

Investment income mainly consists of spreads on the purchase and sale of financial assets, unrealised gains and losses, income from operating leases of investment properties and dividend income from funds and securities. Dividends are recognised when the shareholders' right to receive payment is established.

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(18) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(18) Leases (continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

	Estimated useful lives
Buildings	2 to 15 years
Prepaid land lease payments	30 to 50 years
Others	2 to 8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(18) Leases (continued)

Group as a lessee (continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(18) Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

(19) Employee benefits

Pension benefits

Full-time employees of the Group are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulae. These government agencies are responsible for the pension liability to these employees upon retirement. The Group contributes on a monthly basis to these pension plans. Contributions to these plans are expensed as incurred. Under these plans, the Group has no legal or constructive obligation for retirement benefit beyond the contributions made.

Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(19) Employee benefits (continued)

Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with the relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

(20) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

(21) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(21) Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(21) Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(22) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

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2 ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting policy information (continued)

(22) Related parties (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
- (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(23) Bonds payable

Bonds payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium at issuance and transaction costs.

(24) Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(1) Classification of financial assets

Initial recognition of the classification of financial assets shall be based on the Group's business model for managing financial assets. In judging the business model, the Group shall consider the way in which the enterprise evaluates and reports the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and their management methods, and the way in which relevant business managers receive remuneration, etc.

Initial recognition of the classification of financial assets shall be based on the contractual cash flow characteristics, and it is necessary for the Group to determine whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For example, when the contractual cash flow contains the correction of the time value of money to evaluate, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow.

(2) Recognition of classification of insurance contracts

For insurance contracts issued without the premium allocation approach, the Group needs to make a judgement when assessing whether there is a loss or no significant possibility of loss in the future at the time of initial recognition, including:

- The possibility of changes in the assumptions that would turn these contracts into onerous contracts;
- Information used to estimate the profitability of the relevant product.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

(3) Applicability of measurement approaches for insurance contracts

The Group shall assess at the commencement of an insurance contract whether it meets the conditions for using the premium allocation approach or the variable fee approach. In making such evaluation, management needs to make a comprehensive judgement based on the contract characteristics, relevant facts, and circumstances.

(4) Significant influence on associates with voting rights less than 20%

The Group determines whether it can exercise influence over an investee when it holds, directly or indirectly through subsidiaries, less than 20% of the voting power of the investee, when one or more of the following indicators are present:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

An investee is accounted for as an associate if it is concluded that the Group exercises significant influence over that investee; otherwise, it is accounted for as a financial asset in accordance with IFRS 9.

(5) Determination of control over the structured entities

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgement based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities. In assessing whether the Group is acting as the principal, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(1) Estimation of the fulfilment cash flows of insurance contract

At the end of each of the reporting period, when measuring the fulfilment cash flows of insurance contract, the Group needs to make a reasonable estimate of the amounts that the Group is required to pay in fulfilling the obligations under the insurance contracts. Such estimates are determined by calculating various possible outcomes and relevant probabilities based on information currently available as at the end of the reporting period and certain risk margin is considered.

The main assumptions used in measuring the fulfilment cash flows include discount rates, insurance incident occurrence rates (mainly including mortality and morbidity), loss ratios, surrender rates, expense assumptions and policy dividend assumptions, etc.

Discount rates

For insurance contracts whose future insurance benefits will not be affected by investment income of the corresponding investment portfolio, the discount rates are determined by base rate curve with comprehensive premium in consideration of the time value of money. The comprehensive premium is added by considering taxation impacts, the liquidity, conversion period, and other relevant factors. The range of discount rates used as at 31 December 2025 was from 1.32% to 4.80% (31 December 2024: 0.74% to 4.80%).

For insurance contracts whose future insurance benefits will be affected by investment income of the corresponding investment portfolio, the discount rates are determined based on expected investment return rates of the corresponding investment portfolio in consideration of the time value of money. The discount rate used as at 31 December 2025 was 4.00% (31 December 2024: 4.00%).

The discount rate assumption is affected by uncertain factors, such as future macro-economy, capital market, availability of investment channel of insurance funds, investment strategy and other factors. Such assumption is based on information currently available as at the end of the reporting period.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

(1) Estimation of the fulfilment cash flows of insurance contract (continued)

Mortality and morbidity

Mortality assumption is determined based on the Group's historical mortality experiences as well as current and expected future development trends, etc. The Group presents its mortality assumptions using appropriate percentages of China Life Insurance Mortality Table (2010-2013).

Morbidity assumption is determined based on the Group's products pricing assumption, analysis of historical morbidity experience and expectations of current and future developments.

Mortality and morbidity assumptions are uncertain as they are affected by uncertain factors, such as national lifestyle changes in the future, future development of medical technologies, continuing advancements in social conditions and other factors. The risk margin is considered in the Group's mortality and morbidity assumptions.

Claim ratios

The reasonable estimates of claim ratio are determined based on the Group's actual experience and future development trends.

The Group estimates the future cash flow of outstanding claim reserves mainly based on historical claim development experience, which can be used to predict future claim development and thus obtain the final claim cost. Therefore, the method infers the development of paid or reported claim amounts, average cost per claim and claim number based on the analysis of claim progress and expected claim rates in previous years. Historical claim development is mainly analysed by accident period, but can also be further analysed by location and major business category and claims type. Major claims are usually considered separately, according to the amount estimated by the claim adjuster or forecast separately to reflect the future development. In most cases, the claim progress ratio used or claim ratio assumptions are implicit in the historical claim development data, and future claim development is predicted based on this. In order to assess the extent to which past trends are not applicable to the future (e.g., one-off events, public attitudes to claims, changes in market factors such as economic conditions, changes in external factors such as judicial decisions and government legislation, and changes in internal factors such as product mix, policy conditions and claim processing procedures), additional qualitative judgements are used. The final cost of claims is reasonably estimated after taking into account all the uncertainties involved.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

(1) Estimation of the fulfilment cash flows of insurance contract (continued)

Surrender rates

Surrender rate assumptions are determined based on the Group's historical experiences, and estimates on current and future expectations, and vary by interest rate, product type and sale channel. The surrender rate assumption is affected by uncertain factors, such as future macro-economy and market competition. The Group determines the surrender rate assumption based on the information available as at the end of the reporting period and risk margin is considered.

Expense

The Group develops its expense assumption based on its expense analysis and future expectation, including assumptions of insurance acquisition cash flows, policy management and maintenance expenses, claims expenses, costs incurred in investing to improve the benefit level of insurance coverage services for policyholders, investment return services for non-directly participating policyholders, and investment-related services for managing basic projects on behalf of directly participating policyholders.

The Group's expense assumption is affected by uncertain factors, such as inflation, and market competition. The Group uses information currently available as at the end of the reporting period to determine expense assumption and a risk adjustment is considered.

Policy dividend

Policy dividend assumption is determined based on expected investment return rates of participating accounts, the Group's dividend policy, reasonable expectations of policyholders, etc.

The Group's policy dividend assumption is affected by the above factors. The Group uses information available as at the end of the reporting period to determine policy dividend assumption and risk margin is considered.

Risk adjustment for non-financial risk

The Group determines the risk adjustment for non-financial risk by using the confidence level and confidence level conversion etc. As at 31 December 2025, the risk adjustment for non-financial risk of insurance contracts and reinsurance contracts held was determined based on the confidence level of 75% to 85% (31 December 2024: 75% to 85%).

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

(2) Fair value of financial instruments determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risk, market volatility, etc.

(3) Impairment of financial instruments

The Group adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires critical judgements and estimates, which take into consideration all reasonable and informed information, including forward-looking information. In making such judgements and estimates, the Group infers the expected changes in debtor's credit risk based on historical repayment information and economic policies, macroeconomic indicators, industry risks and other factors.

(4) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss and timing difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4 SCOPE OF CONSOLIDATION

(1) Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out below:

Name	Place and date of incorporation/ registration and business	Registered capital/ authorised capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sunshine Life Insurance Corporation Limited ⁽ⁱ⁾ ("Sunshine Life") 陽光人壽保險股份有限公司	PRC/Chinese Mainland (17 December 2007)	RMB21,045,200,000	100	–	Life insurance
Sunshine Property and Casualty Insurance Co., Ltd. ⁽ⁱ⁾ ("Sunshine P&C") 陽光財產保險股份有限公司	PRC/Chinese Mainland (28 July 2005)	RMB6,456,900,000	96	4	Property and casualty insurance
Sunshine Surety Insurance Co., Ltd. ⁽ⁱ⁾ ("Sunshine Surety") 陽光信用保證保險股份有限公司	PRC/Chinese Mainland (11 January 2016)	RMB3,000,000,000	–	87	Credit and guarantee insurance
Sunshine Asset Management Co., Ltd. ⁽ⁱ⁾ ("Sunshine AMC") 陽光資產管理股份有限公司	PRC/Chinese Mainland (4 December 2012)	RMB125,000,000	20	60	Asset management

(i) The above subsidiaries are registered as limited companies in accordance with the Company Law of the People's Republic of China.

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4 SCOPE OF CONSOLIDATION (CONTINUED)

(2) As at 31 December 2025, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (in RMB ten thousand)	Principal activities
Sunshine Trust	100%	Not Applicable	Real estate investment
Spruce Trust	100%	Not Applicable	Real estate investment
Sunshine Hotel Trust	100%	Not Applicable	Real estate investment
Sunshine Heyuan Private Securities Investment Fund	100%	301,000	Securities Investment Fund
Sunshine Asset – Active Allocation No.2 Asset Management Product	100%	235,701	Asset Management Product
Chenxi Gongying (Shenzhen) Private Equity Investment Fund Partnership (Limited Partnership)	100%	177,531	Equity Investment Fund Partnership
Sunshine Asset – Yingshi No.4 (Phase1) Asset Management Product	100%	140,894	Asset Management Product
Sunshine Asset – Consumer Preferred Asset Management Product	100%	132,951	Asset Management Product
Sunshine Asset – Active Quantification No.1 Asset Management Product	100%	111,281	Asset Management Product
Sunshine Asset -Selected Periodic Themes Asset Management Product	84%	104,199	Asset Management Product

5 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.

5 SEGMENT INFORMATION (CONTINUED)

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				Other businesses and elimination	Total
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal		
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
Total revenues	40,312	51,332	133	51,465	3,034	94,811
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)
Total expenses	(33,860)	(51,020)	(166)	(51,186)	(2,659)	(87,705)
Profit/(loss) before tax	6,452	312	(33)	279	375	7,106
Income tax	(255)	1	(3)	(2)	(279)	(536)
Net profit	6,197	313	(36)	277	96	6,570
Segment assets	595,172	58,562	1,397	59,959	18,208	673,339
Segment liabilities	556,161	44,017	81	44,098	8,343	608,602

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5 SEGMENT INFORMATION (CONTINUED)

Other segment information for the year ended 31 December 2025:

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

5 SEGMENT INFORMATION (CONTINUED)

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

	Property and casualty insurance				Other businesses and elimination	Total
	Life insurance	Sunshine P&C	Sunshine Surety	Subtotal		
Insurance revenue	15,742	48,243	19	48,262	–	64,004
Interest income	8,690	732	24	756	96	9,542
Investment income	11,131	942	7	949	1,054	13,134
Share of profits and losses of associates and joint ventures	742	129	–	129	(377)	494
Other income	376	160	3	163	2,557	3,096
Total revenues	36,681	50,206	53	50,259	3,330	90,270
Insurance service expenses	(10,939)	(47,334)	(221)	(47,555)	–	(58,494)
Allocation of reinsurance premiums paid	(727)	(1,179)	(1)	(1,180)	–	(1,907)
Less: Amount recovered from reinsurers	765	1,014	1	1,015	–	1,780
Net insurance finance expenses for insurance contracts issued	(10,588)	(736)	(2)	(738)	(535)	(11,861)
Less: Net reinsurance finance income for reinsurance contracts held	66	85	–	85	–	151
Expected credit losses	(1,898)	(349)	–	(349)	(130)	(2,377)
Finance costs	(1,028)	(280)	(1)	(281)	(26)	(1,335)
Other operating and administrative expenses	(4,077)	(1,004)	(3)	(1,007)	(3,038)	(8,122)
Total expenses	(28,426)	(49,783)	(227)	(50,010)	(3,729)	(82,165)
Profit/(loss) before tax	8,255	423	(174)	249	(399)	8,105
Income tax	(2,542)	191	7	198	(221)	(2,565)
Net profit	5,713	614	(167)	447	(620)	5,540
Segment assets	510,893	56,282	1,455	57,737	13,160	581,790
Segment liabilities	471,821	42,163	98	42,261	4,295	518,377

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5 SEGMENT INFORMATION (CONTINUED)

Other segment information for the year ended 31 December 2024:

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

6 INSURANCE REVENUE

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

7 INTEREST INCOME

	2025	2024
Bonds	7,176	7,118
Trust schemes	1,428	1,322
Term deposits	577	285
Debt investment schemes	467	462
Statutory deposits	170	197
Securities purchased under agreements to resell	158	158
Total	9,976	9,542

8 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	317	319
Total	16,188	13,134

(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	821	735
Total	8,784	8,687

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8 INVESTMENT INCOME (CONTINUED)

(b) Realised gains/(losses), net

	2025	2024
Bonds	973	5,956
Funds	(1,539)	(2,863)
Equity securities	4,202	(1,002)
Others	(30)	(74)
Total	3,606	2,017

(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)
Financial assets at fair value through profit or loss	3,937	2,428
Financial liabilities at fair value through profit or loss	(456)	(317)
Total	3,481	2,111

9 OTHER INCOME

	2025	2024
Income from hotel operation	1,178	1,176
Income from hospital operation	765	911
Asset management fee	223	304
Others	712	705
Total	2,878	3,096

10 EXPECTED CREDIT LOSSES

	2025	2024
Debt financial assets at fair value through other comprehensive income	1,173	1,669
Others	432	708
Total	1,605	2,377

11 FINANCE COSTS

	2025	2024
Interest on bonds payable	888	884
Interest on securities sold under agreements to repurchase	112	356
Interest on asset-backed securities	51	60
Interest on lease liabilities	6	9
Others	19	26
Total	1,076	1,335

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12 PROFIT BEFORE TAX

(1) Profit before tax is arrived at after charging the following:

	2025	2024
Other operating and administrative expenses (Note 12(2))	7,220	8,122
Expected credit losses (Note 10)	1,605	2,377

(2) Other operating and administrative expenses

	2025	2024
Employee costs ⁽ⁱ⁾	8,820	8,903
Promotion and consulting fees	3,073	2,838
Insurance guarantee fund	658	581
Depreciation of property and equipment	808	794
Depreciation of right-of-use assets	388	434
Depreciation of investment properties	320	308
Taxes	452	215
Amortisation of intangible assets	117	96
Impairment losses on other assets	506	1,792
Others	4,486	4,303
Subtotal	19,628	20,264
Less: Expenses directly attributable to insurance contracts		
Insurance acquisition cash flows recognised in liabilities for remaining coverage	(9,087)	(9,389)
Amounts recognised in insurance service expenses	(3,321)	(2,753)
Subtotal	(12,408)	(12,142)
Total	7,220	8,122

(i) Contributions to defined contribution plans amounting to RMB646 million and RMB649 million in 2025 and 2024, respectively.

13 DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' emoluments

The remuneration of directors of the Company for the year ended 31 December 2025 is as follows:

Name	Fees	Salaries, allowances and other benefits	Contributions to defined contribution plans	Total after tax	Individual income tax
<i>(in RMB thousand)</i>					
Executive directors					
ZHANG Weigong	–	3,892	68	3,960	2,538
ZHAO Zongren ⁽ⁱⁱ⁾	–	1,480	–	1,480	643
LI Ke	–	4,394	–	4,394	3,012
PENG Jihai	–	4,749	68	4,817	3,239
WANG Yongwen ⁽ⁱⁱⁱ⁾	–	1,439	–	1,439	640
Non-executive directors⁽ⁱ⁾					
CAI Qiwu	–	–	–	–	–
WANG Jingwei	–	–	–	–	–
CHEN Yong	–	–	–	–	–
QIAN Yiqun	–	–	–	–	–
HOU Huisheng	–	2,008	68	2,076	1,006
Independent non-executive directors					
LIU Zhanqing	252	–	–	252	48
JIA Ning	252	–	–	252	48
WU Xiaoqiu	252	–	–	252	48
HONG Qi	–	–	–	–	–
XU Ying ^(iv)	252	–	–	252	48
Total	1,008	17,962	204	19,174	11,270

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13 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Directors' emoluments (continued)

The remuneration of directors of the Company for the year ended 31 December 2024 is as follows:

Name	Fees	Salaries, allowances and other benefits	Contributions to defined contribution plans	Total after tax	Individual income tax
<i>(in RMB thousand)</i>					
Executive directors					
ZHANG Weigong	—	3,556	68	3,624	2,361
ZHAO Zongren ⁽ⁱⁱ⁾	—	3,018	—	3,018	1,901
LI Ke	—	4,262	51	4,313	2,848
PENG Jihai	—	4,542	68	4,610	3,071
WANG Yongwen ⁽ⁱⁱⁱ⁾	—	3,547	—	3,547	2,334
Non-executive directors⁽ⁱ⁾					
CAI Qiwu	—	—	—	—	—
WANG Jingwei	—	—	—	—	—
CHEN Yong	—	—	—	—	—
QIAN Yiqun	—	—	—	—	—
HOU Huisheng	—	938	68	1,006	200
Independent non-executive directors					
LIU Zhanqing	252	—	—	252	48
GAO Bin ^(v)	166	—	—	166	31
JIA Ning	252	—	—	252	48
WU Xiaoqiu	252	—	—	252	48
HONG Qi	—	—	—	—	—
XU Ying ^(iv)	88	—	—	88	17
Total	1,010	19,863	255	21,128	12,907

(i) Non-executive directors, except for an employee director, did not receive remuneration from the Company.

(ii) Mr. ZHAO Zongren resigned as an executive director in March 2025.

(iii) Mr. WANG Yongwen resigned as an executive director in March 2025.

(iv) Mr. XU Ying was appointed as an independent non-executive director in August 2024.

(v) Mr. GAO Bin resigned as an independent non-executive director in August 2024.

13 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Supervisors' emoluments

The remuneration of supervisors of the Company for the year ended 31 December 2025 is as follows:

Name	Fees	Salaries, allowances and other benefits	Contributions to defined contribution plans	Total after tax	Individual income tax
<i>(in RMB thousand)</i>					
ZHUANG Liang	–	2,657	48	2,705	1,629
ZHANG Di ⁽ⁱ⁾	–	–	–	–	–
WANG Zhe	252	–	–	252	48
Total	252	2,657	48	2,957	1,677

The remuneration of supervisors of the Company for the year ended 31 December 2024 is as follows:

Name	Fees	Salaries, allowances and other benefits	Contributions to defined contribution plans	Total after tax	Individual income tax
<i>(in RMB thousand)</i>					
ZHUANG Liang	–	785	48	833	210
ZHANG Di ⁽ⁱ⁾	–	–	–	–	–
WANG Zhe	252	–	–	252	48
Total	252	785	48	1,085	258

(i) ZHANG Di was a shareholder supervisor and did not receive remuneration from the Company.

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13 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Five highest paid individuals

The five individuals with the highest emoluments in the Group for the year ended 31 December 2025 include one director disclosed above (2024: four directors). Details of the remuneration after tax of the highest paid employees who are not directors are as follows:

(in RMB thousand)	2025	2024
Salaries, allowances and other short-term benefits	21,505	3,627
Contributions to defined contribution plans	226	68
Total	21,731	3,695

The number of five highest paid individuals in the Group except for the directors whose emoluments after tax fell within the following bands is as follows:

	Number of individuals	
	2025	2024
RMB1,000,001 – RMB2,000,000	–	–
RMB2,000,001 – RMB3,000,000	–	–
RMB3,000,001 – RMB4,000,000	–	1
RMB4,000,001 – RMB5,000,000	3	–
RMB5,000,001 – RMB6,000,000	–	–
RMB6,000,001 – RMB7,000,000	–	–
RMB7,000,001 – RMB8,000,000	1	–
RMB8,000,001 – RMB9,000,000	–	–
RMB9,000,001 – RMB10,000,000	–	–
Total	4	1

During the reporting period, no emoluments were paid by the Company to the directors, supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Company or compensation for loss of office as a director of any member of the Group or of any other office in connection with the management.

The emoluments of the five highest paid individuals are the total emoluments paid to them during the reporting period.

14 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 (note 33)	105	2,430
Total	536	2,565

(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
Income tax at the effective tax rate	536	2,565

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.

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15 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 (in RMB million)	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	RMB0.55	RMB0.47

16 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	–	2,070

17 PROPERTY AND EQUIPMENT

	Land and buildings	Office equipment	Motor vehicles	Construction in progress	Others	Total
Cost						
As at 1 January 2025	17,857	1,568	372	3,407	2,003	25,207
Transfers upon completion	651	–	–	(659)	6	(2)
Additions	93	82	7	380	116	678
Transfer to investment properties, net	(63)	–	–	–	–	(63)
Disposals	(244)	(25)	(51)	(116)	(231)	(667)
Exchange realignment	54	(3)	–	–	7	58
As at 31 December 2025	18,348	1,622	328	3,012	1,901	25,211
Accumulated depreciation						
As at 1 January 2025	(3,215)	(1,150)	(262)	–	(1,600)	(6,227)
Charge for the year	(510)	(123)	(25)	–	(150)	(808)
Transfer to investment properties, net	15	–	–	–	–	15
Disposals	163	23	47	–	102	335
Exchange realignment	(25)	1	–	–	(6)	(30)
As at 31 December 2025	(3,572)	(1,249)	(240)	–	(1,654)	(6,715)
Impairment						
As at 1 January 2025	–	–	–	–	–	–
As at 31 December 2025	–	–	–	–	–	–
Net book value						
As at 1 January 2025	14,642	418	110	3,407	403	18,980
As at 31 December 2025	14,776	373	88	3,012	247	18,496

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17 PROPERTY AND EQUIPMENT (CONTINUED)

	Land and buildings	Office equipment	Motor vehicles	Construction in progress	Others	Total
Cost						
As at 1 January 2024	17,493	1,566	396	4,078	1,861	25,394
Transfers upon completion	1,183	–	–	(1,234)	–	(51)
Additions	6	63	20	576	156	821
Transfer to investment properties, net	(671)	–	–	(11)	–	(682)
Disposals	–	(62)	(44)	(2)	–	(108)
Exchange realignment	(154)	1	–	–	(14)	(167)
As at 31 December 2024	17,857	1,568	372	3,407	2,003	25,207
Accumulated depreciation						
As at 1 January 2024	(2,805)	(1,076)	(276)	–	(1,469)	(5,626)
Charge for the year	(492)	(132)	(28)	–	(142)	(794)
Transfer to investment properties, net	24	–	–	–	–	24
Disposals	–	59	42	–	–	101
Exchange realignment	58	(1)	–	–	11	68
As at 31 December 2024	(3,215)	(1,150)	(262)	–	(1,600)	(6,227)
Impairment						
As at 1 January 2024	–	–	–	–	–	–
As at 31 December 2024	–	–	–	–	–	–
Net book value						
As at 1 January 2024	14,688	490	120	4,078	392	19,768
As at 31 December 2024	14,642	418	110	3,407	403	18,980

As at 31 December 2025, the net book value of buildings which was in the process of obtaining title certificates was RMB1,155 million (31 December 2024: RMB1,842 million).

18 LEASES

(a) Right-of-use assets

	Buildings	Prepaid land lease payments	Others	Total
Cost				
As at 1 January 2025	2,296	2,248	13	4,557
Additions	373	–	–	373
Deductions	(513)	–	(12)	(525)
As at 31 December 2025	2,156	2,248	1	4,405
Accumulated depreciation				
As at 1 January 2025	(1,604)	(573)	(8)	(2,185)
Charge for the year	(336)	(51)	(1)	(388)
Deductions	443	–	9	452
As at 31 December 2025	(1,497)	(624)	–	(2,121)
Impairment				
As at 1 January 2025	–	–	–	–
As at 31 December 2025	–	–	–	–
Net book value				
As at 1 January 2025	692	1,675	5	2,372
As at 31 December 2025	659	1,624	1	2,284

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18 LEASES (CONTINUED)

(a) Right-of-use assets (continued)

	Buildings	Prepaid land lease payments	Others	Total
Cost				
As at 1 January 2024	2,386	2,258	14	4,658
Additions	294	–	–	294
Deductions	(384)	(10)	(1)	(395)
As at 31 December 2024	2,296	2,248	13	4,557
Accumulated depreciation				
As at 1 January 2024	(1,613)	(516)	(7)	(2,136)
Charge for the year	(374)	(58)	(2)	(434)
Deductions	383	1	1	385
As at 31 December 2024	(1,604)	(573)	(8)	(2,185)
Impairment				
As at 1 January 2024	–	–	–	–
As at 31 December 2024	–	–	–	–
Net book value				
As at 1 January 2024	773	1,742	7	2,522
As at 31 December 2024	692	1,675	5	2,372

The Group had no significant profit or loss from subleasing right-of-use assets or sale and leaseback transactions for the years ended 31 December 2025 and 2024.

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2025	2024
Interest on lease liabilities	6	9
Depreciation charge of right-of-use assets	388	434
Expense relating to short-term leases and leases of low-value assets	45	65
Total	439	508

19 INVESTMENT PROPERTIES

	2025	2024
Cost		
Beginning of year	12,453	11,718
Additions	–	43
Transfer from property and equipment	63	692
End of year	12,516	12,453
Accumulated depreciation		
Beginning of year	(2,494)	(2,161)
Additions	(320)	(308)
Transfer from property and equipment	(15)	(25)
End of year	(2,829)	(2,494)
Impairment losses		
Beginning of year	(249)	(249)
Additions	(164)	–
End of year	(413)	(249)
Net book value		
Beginning of year	9,710	9,308
End of year	9,274	9,710
Fair value		
End of year	12,211	13,618

The Group has no restrictions on the use of its investment properties and no contractual obligations to each investment property purchased, constructed or developed or for repairs, maintenance and enhancements.

As at 31 December 2025 and 2024, the Group had no significant investment properties which were in the process of obtaining title certificates.

The fair values of investment properties of the Group as at 31 December 2025 and 2024 were estimated by the Group having regards to valuations performed by independent appraisers. The investment properties were classified as Level 3 in the fair value hierarchy.

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2025	
	Carrying amount	Proportion of shares held by the Group (%)
Associates		
Chengtai Financing Lease (Shanghai) Co., Ltd. ("Chengtai Lease")	1,994	35.40
Others	8,824	
Subtotal	10,818	
Joint ventures	872	
Total	11,690	

	31 December 2024	
	Carrying amount	Proportion of shares held by the Group (%)
Associates		
Chengtai Lease	1,891	35.40
Others	7,549	
Subtotal	9,440	
Joint ventures	1,005	
Total	10,445	

The Group had no contingent liabilities with the associates and joint ventures as at 31 December 2025 and 2024.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2025	31 December 2024
Listed		
Bonds		
Government bonds	–	27
Finance bonds	154	230
Corporate bonds	796	1,775
Funds	1,596	869
Equity securities	27,959	20,962
Other investments	328	214
Subtotal	30,833	24,077
Unlisted		
Bonds		
Government bonds	264	408
Finance bonds	39,652	34,376
Corporate bonds	1,115	1,006
Interbank deposits	1,031	2,821
Funds	21,930	16,490
Debt investment schemes	9,290	9,091
Trust schemes	6,689	4,244
Other investments	67,586	45,066
Subtotal	147,557	113,502
Total	178,390	137,579

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22 FINANCIAL ASSETS AT AMORTISED COST

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

23 DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2025	31 December 2024
Listed		
Bonds		
Government bonds	28,768	31,259
Corporate bonds	1,112	1,826
Mortgage-backed securities	688	876
Subtotal	30,568	33,961
Unlisted		
Bonds		
Government bonds	202,711	183,868
Finance bonds	30,719	32,869
Corporate bonds	5,994	4,611
Interbank deposits	21,281	20,758
Debt investment schemes	8,566	9,545
Trust schemes	22,772	26,359
Subtotal	292,043	278,010
Total	322,611	311,971

24 EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2025	31 December 2024
Listed Equity securities	59,555	46,625
Unlisted Other equity investments	1,466	1,409
Total	61,021	48,034

For the equity investments which are not held for trading but for long-term investments, the Group has irrevocably elected to recognise them in this category at initial recognition.

25 TERM DEPOSITS

	31 December 2025	31 December 2024
Maturing period		
Within 3 months (including 3 months)	469	23
3 months to 1 year (including 1 year)	2,098	418
1 to 2 years (including 2 years)	450	1,595
2 to 3 years (including 3 years)	5,800	450
3 to 4 years (including 4 years)	1,000	4,600
4 to 5 years (including 5 years)	11,700	1,000
5 to 6 years (including 6 years)	–	1,700
Accrued interest	394	134
Less: Provisions for impairment losses	(7)	(3)
Total	21,904	9,917

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26 STATUTORY DEPOSITS

	31 December 2025	31 December 2024
Analysis related to contract expiry date:		
Within 1 year	1,472	2,316
1 to 5 years	4,918	4,192
Less: Provisions for impairment losses	(2)	(2)
Total	6,388	6,506

Insurance companies in China are required to deposit an amount that equals to 20% of their registered capital with banks for the compliance with regulations of the regulatory authorities. These funds may not be used for any purpose other than for paying off debts during liquidation proceedings.

27 SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	31 December 2025	31 December 2024
Bonds	5,436	5,300
Less: Provisions for impairment losses	—	—
Total	5,436	5,300

28 INSURANCE CONTRACT LIABILITIES/ASSETS

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows:

	2025								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	420,365	3,183	2,865	426,413	14,806	685	14,815	597	30,903
Insurance contract assets as at 1 January	1,816	(1,095)	(280)	441	121	(10)	276	(13)	374
Net insurance contract liabilities/assets as at 1 January	418,549	4,278	3,145	425,972	14,685	695	14,539	610	30,529
Insurance revenue	(19,358)	-	-	(19,358)	(45,708)	-	-	-	(45,708)
Incurred claims and other expenses	-	(2,196)	6,684	4,488	-	-	32,262	465	32,727
Amortisation of insurance acquisition cash flows	7,965	-	-	7,965	11,615	-	-	-	11,615
Losses on onerous contracts and reversal of those losses	-	3,613	-	3,613	-	442	-	-	442
Changes to liabilities for incurred claims	-	-	(154)	(154)	-	-	255	(390)	(135)
Insurance service expenses	7,965	1,417	6,530	15,912	11,615	442	32,517	75	44,649
Insurance service result	(11,393)	1,417	6,530	(3,446)	(34,093)	442	32,517	75	(1,059)
Insurance finance expenses	18,907	77	27	19,011	272	-	218	9	499
Total comprehensive income changes	7,514	1,494	6,557	15,565	(33,821)	442	32,735	84	(560)
Investment component	(34,854)	-	34,854	-	(2,099)	-	2,099	-	-
Premiums paid	112,320	-	-	112,320	52,769	-	-	-	52,769
Insurance acquisition cash flows paid	(8,084)	-	-	(8,084)	(11,306)	-	-	-	(11,306)
Claims paid and other relevant expenses	-	-	(40,942)	(40,942)	-	-	(33,677)	-	(33,677)
Other cash flows	(586)	-	-	(586)	(5,800)	-	569	-	(5,231)
Total cash flows	103,650	-	(40,942)	62,708	35,663	-	(33,108)	-	2,555
Net insurance contract liabilities/assets as at 31 December	494,859	5,772	3,614	504,245	14,428	1,137	16,265	694	32,524
Insurance contract assets as at 31 December	-	-	-	-	303	(34)	39	(23)	285
Insurance contract liabilities as at 31 December	494,859	5,772	3,614	504,245	14,731	1,103	16,304	671	32,809

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28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: (continued)

	2024								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage			Total	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Liabilities for incurred claims		Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as at 1 January	351,562	3,658	2,378	357,598	13,856	647	12,766	510	27,779
Insurance contract assets as at 1 January	2,215	(1,385)	(321)	509	321	(16)	310	(13)	602
Net insurance contract liabilities/assets as at 1 January	349,347	5,043	2,699	357,089	13,535	663	12,456	523	27,177
Insurance revenue	(18,614)	–	–	(18,614)	(45,390)	–	–	–	(45,390)
Incurred claims and other expenses	–	(2,342)	7,154	4,812	–	–	32,079	405	32,484
Amortisation of insurance acquisition cash flows	8,043	–	–	8,043	12,239	–	–	–	12,239
Losses on onerous contracts and reversal of those losses	–	1,342	–	1,342	–	32	–	–	32
Changes to liabilities for incurred claims	–	–	(316)	(316)	–	–	191	(333)	(142)
Insurance service expenses	8,043	(1,000)	6,838	13,881	12,239	32	32,270	72	44,613
Insurance service result	(10,571)	(1,000)	6,838	(4,733)	(33,151)	32	32,270	72	(777)
Insurance finance expenses	44,375	235	42	44,652	323	–	365	15	703
Total comprehensive income changes	33,804	(765)	6,880	39,919	(32,828)	32	32,635	87	(74)
Investment component	(45,285)	–	45,285	–	(1,111)	–	1,111	–	–
Premiums paid	91,721	–	–	91,721	52,871	–	–	–	52,871
Insurance acquisition cash flows paid	(9,772)	–	–	(9,772)	(11,869)	–	–	–	(11,869)
Claims paid and other relevant expenses	–	–	(51,719)	(51,719)	–	–	(32,428)	–	(32,428)
Other cash flows	(1,266)	–	–	(1,266)	(5,913)	–	765	–	(5,148)
Total cash flows	80,683	–	(51,719)	28,964	35,089	–	(31,663)	–	3,426
Net insurance contract liabilities/assets as at 31 December	418,549	4,278	3,145	425,972	14,685	695	14,539	610	30,529
Insurance contract assets as at 31 December	1,816	(1,095)	(280)	441	121	(10)	276	(13)	374
Insurance contract liabilities as at 31 December	420,365	3,183	2,865	426,413	14,806	685	14,815	597	30,903

28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(2) The analysis by measurement component of contracts not measured under the premium allocation method is as follows:

	2025			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Insurance contract liabilities as at 1 January	369,603	5,956	50,854	426,413
Insurance contract assets as at 1 January	776	(335)	–	441
Net insurance contract liabilities/assets as at 1 January	368,827	6,291	50,854	425,972
Contractual service margin recognised for services provided	–	–	(4,709)	(4,709)
Change in the risk adjustment for non-financial risk for risk expired	–	(630)	–	(630)
Experience adjustments	(1,566)	–	–	(1,566)
Changes that relate to current services	(1,566)	(630)	(4,709)	(6,905)
Contracts initially recognised in the period	(8,675)	1,048	9,419	1,792
Changes in estimates that adjust the contractual service margin	(1,124)	255	869	–
Changes in estimates that do not adjust the contractual service margin	1,663	158	–	1,821
Changes that relate to future services	(8,136)	1,461	10,288	3,613
Adjustments to liabilities for incurred claims	(81)	(73)	–	(154)
Changes that relate to past services	(81)	(73)	–	(154)
Insurance service result	(9,783)	758	5,579	(3,446)
Insurance finance expenses	17,694	133	1,184	19,011
Total changes in the statement of comprehensive income	7,911	891	6,763	15,565
Premiums received	112,320	–	–	112,320
Insurance acquisition cash flows	(8,084)	–	–	(8,084)
Claims and other expenses paid	(40,942)	–	–	(40,942)
Other cash flows	(586)	–	–	(586)
Total cash flows	62,708	–	–	62,708
Net insurance contract liabilities/assets as at 31 December	439,446	7,182	57,617	504,245
Insurance contract assets as at 31 December	–	–	–	–
Insurance contract liabilities as at 31 December	439,446	7,182	57,617	504,245

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28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(2) The analysis by measurement component of contracts not measured under the premium allocation method is as follows: (continued)

	2024			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Insurance contract liabilities as at 1 January	308,469	3,952	45,177	357,598
Insurance contract assets as at 1 January	921	(412)	–	509
Net insurance contract liabilities/assets as at 1 January	307,548	4,364	45,177	357,089
Contractual service margin recognised for services provided	–	–	(4,056)	(4,056)
Change in the risk adjustment for non-financial risk for risk expired	–	(621)	–	(621)
Experience adjustments	(1,082)	–	–	(1,082)
Changes that relate to current services	(1,082)	(621)	(4,056)	(5,759)
Contracts initially recognised in the period	(10,084)	737	10,280	933
Changes in estimates that adjust the contractual service margin	521	1,162	(1,683)	–
Changes in estimates that do not adjust the contractual service margin	108	301	–	409
Changes that relate to future services	(9,455)	2,200	8,597	1,342
Adjustments to liabilities for incurred claims	(223)	(93)	–	(316)
Changes that relate to past services	(223)	(93)	–	(316)
Insurance service result	(10,760)	1,486	4,541	(4,733)
Insurance finance expenses	43,075	441	1,136	44,652
Total changes in the statement of comprehensive income	32,315	1,927	5,677	39,919
Premiums received	91,721	–	–	91,721
Insurance acquisition cash flows	(9,772)	–	–	(9,772)
Claims and other expenses paid	(51,719)	–	–	(51,719)
Other cash flows	(1,266)	–	–	(1,266)
Total cash flows	28,964	–	–	28,964
Net insurance contract liabilities/assets as at 31 December	368,827	6,291	50,854	425,972
Insurance contract assets as at 31 December	776	(335)	–	441
Insurance contract liabilities as at 31 December	369,603	5,956	50,854	426,413

28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(3) The impact on the statement of financial position of the initial recognition of insurance contracts not applying the premium allocation approach during the year is as follows:

	2025			2024		
	Onerous contracts	Others	Total	Onerous contracts	Others	Total
Insurance acquisition cash flows	2,043	5,782	7,825	2,094	7,233	9,327
Other cash outflows	25,398	56,821	82,219	7,664	60,789	68,453
Estimates of the present value of future cash outflows	27,441	62,603	90,044	9,758	68,022	77,780
Estimates of the present value of future cash inflows	(26,102)	(72,617)	(98,719)	(9,088)	(78,776)	(87,864)
Risk adjustment for non-financial risk	453	595	1,048	263	474	737
Contractual service margin	–	9,419	9,419	–	10,280	10,280
Losses recognised on initial recognition	1,792	–	1,792	933	–	933

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28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(4) The analysis of the contractual service margin for insurance contracts not measured under the premium allocation approach is as follows:

	2025		
	Contracts under the modified retrospective approach	Other contracts	Total
Contractual service margin as at 1 January	30,844	20,010	50,854
Changes that relate to current services			
Contractual service margin recognised for services provided	(2,691)	(2,018)	(4,709)
Changes that relate to future services			
Contracts initially recognised in the period	–	9,419	9,419
Changes in estimates that adjust the contractual service margin	1,632	(763)	869
Insurance service result	(1,059)	6,638	5,579
Insurance finance expenses	618	566	1,184
Changes in comprehensive income	(441)	7,204	6,763
Contractual service margin as at 31 December	30,403	27,214	57,617

28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(4) The analysis of the contractual service margin for insurance contracts not measured under the premium allocation approach is as follows: (continued)

	2024		Total
	Contracts under the modified retrospective approach	Other contracts	
Contractual service margin as at 1 January	32,169	13,008	45,177
Changes that relate to current services			
Contractual service margin recognised for services provided	(2,700)	(1,356)	(4,056)
Changes that relate to future services			
Contracts initially recognised in the period	–	10,280	10,280
Changes in estimates that adjust the contractual service margin	694	(2,377)	(1,683)
Insurance service result	(2,006)	6,547	4,541
Insurance finance expenses	681	455	1,136
Changes in comprehensive income	(1,325)	7,002	5,677
Contractual service margin as at 31 December	30,844	20,010	50,854

As of 31 December 2025, the Group expects that 63% of the contract service margin (31 December 2024: 63%) will be recognised in profit or loss over the next 10 years.

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28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(5) The analysis of changes in the insurance finance expenses is as follows:

	Insurance contracts not measured under the premium allocation approach	2025 Insurance contracts measured under the premium allocation approach	Total
Insurance finance expenses			
Changes in fair value of underlying items of contracts with direct participation features	8,627	–	8,627
Interest accrual on insurance contracts and changes in financial assumptions	10,384	499	10,883
Total	19,011	499	19,510
Represented by:			
Amounts recognised in profit or loss	16,657	499	17,156
Amounts recognised in other comprehensive income	2,354	–	2,354

	Insurance contracts not measured under the premium allocation approach	2024 Insurance contracts measured under the premium allocation approach	Total
Insurance finance expenses			
Changes in fair value of underlying items of contracts with direct participation features	11,583	–	11,583
Interest accrual on insurance contracts and changes in financial assumptions	33,069	703	33,772
Total	44,652	703	45,355
Represented by:			
Amounts recognised in profit or loss	11,158	703	11,861
Amounts recognised in other comprehensive income	33,494	–	33,494

28 INSURANCE CONTRACT LIABILITIES/ASSETS (CONTINUED)

(6) The following table describes the composition of major assets and fair values of the underlying items corresponding to the insurance contracts with direct participation features:

	31 December 2025 Fair value	31 December 2024 Fair value
Financial investments:		
Financial assets at fair value through profit or loss	69,233	55,113
Debt financial assets at fair value through other comprehensive income	87,056	100,268
Equity financial assets at fair value through other comprehensive income	12,078	15,636
Others	29,880	26,517

29 OTHER ASSETS

	31 December 2025	31 December 2024
Refundable deposits	441	187
Co-insurance receivable	555	519
Other receivables	2,138	2,010
Intangible assets	102	138
Others	2,044	2,155
Total	5,280	5,009

30 CASH AT BANK AND ON HAND

	31 December 2025	31 December 2024
Cash at bank and on hand	15,373	6,706
Less: provision for impairment	—	—
Total	15,373	6,706

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31 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 2025	31 December 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%	7,065	7,032
Subtotal					19,297	19,282
Add: Accrued interest					225	225
Total					19,522	19,507

32 SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2025	31 December 2024
Bonds	27,661	22,939

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.

33 DEFERRED TAX ASSETS AND LIABILITIES

Deferred 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 tax assets and liabilities relate to income taxes, if any, to be levied by the same tax authority and the same taxable entity.

	2025	2024
Net deferred income tax assets, at beginning of year	(716)	1,159
Recognised in profit or loss (note 14)	(105)	(2,430)
Recognised in equity	2,143	555
Net deferred income tax assets/(liabilities), at end of year	1,322	(716)

	31 December 2025	31 December 2024
Insurance contract liabilities/assets	2,991	3,507
Provision for impairment of assets	904	267
Salaries and welfare payable	441	403
Net fair value adjustment on financial instruments	(6,806)	(6,994)
Others	3,792	2,101
Net deferred income tax assets/(liabilities)	1,322	(716)
Represented by:		
Deferred tax assets	1,325	776
Deferred tax liabilities	(3)	(1,492)

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34 OTHER LIABILITIES

	31 December 2025	31 December 2024
Salaries and welfare payable	2,609	2,261
Accrued expenses	541	544
Deferred income	547	564
Dividends payable	1,156	904
Insurance guarantee fund	80	111
Payables for asset-backed securities	2,750	2,750
Maturity benefits payable	1,889	2,028
Others	7,146	3,623
Total	16,718	12,785

35 SHARE CAPITAL

	31 December 2025	31 December 2024
Numbers of shares issued and fully paid at RMB1 each (million)	11,502	11,502

36 RESERVES

The amounts of the Group's reserves and the movements therein in the reporting period are presented in the consolidated statement of changes in equity.

(a) General risk reserve

Pursuant to "Financial Standards of Financial Enterprises – Implementation Guide" issued by Ministry of Finance of the People's Republic of China ("MOF") of the PRC on 30 March 2007, a general risk reserve should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance businesses. The Group's respective entities would need to make appropriations for such reserve based on their respective annual profit or year-end risk assets as determined in their annual financial statements. This reserve is not available for profit-distribution and cannot be transferred to capital.

36 RESERVES (CONTINUED)

(b) Agriculture catastrophic loss reserve

Pursuant to “Regulation for the general risk reserve for catastrophic losses” issued by MOF of the PRC on 8 December 2013, the Group is required to make appropriation to a reserve when the agriculture insurance business records underwriting profits. This reserve cannot be used for dividend distribution but can be utilised when there are catastrophic losses. The reserve can be transferred to general risk reserve if the Group ceases underwriting agriculture insurance business.

(c) Surplus reserve

In accordance with the Company Law and the Articles of Association, the Company is required to make appropriation to a statutory surplus reserve based on its net profit for the year (after offsetting any prior years’ losses) as determined based on applicable financial regulations in the PRC. When the balance of such reserve fund reaches 50% of the capital, any further appropriation is optional. The Company may also make appropriation to a discretionary surplus reserve provided that the appropriation is approved by a resolution of the shareholders. Subject to resolutions passed in general meetings, the statutory and discretionary surplus reserves can be transferred to the share capital. The balance of the statutory surplus reserve fund after transfers to the share capital should not be less than 25% of the share capital.

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37 NON-CONTROLLING INTERESTS

	31 December 2025	31 December 2024
Sunshine Life ⁽ⁱ⁾	5,105	–
Sunshine AMC	845	716
Sunshine Surety	166	171
Others	420	444
Total	6,536	1,331

(i) Non-controlling interests of the Group are mainly the unsecured perpetual capital bonds publicly issued by Sunshine Life.

38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to net cash flows from operating activities:

	2025	2024
Profit before income tax	7,106	8,105
Investment income	(16,188)	(13,134)
Interest income	(9,976)	(9,542)
Foreign exchange (gains)/losses	97	(23)
Finance costs	1,076	1,335
Impairment losses on other assets	506	1,792
Expected credit losses	1,605	2,377
Depreciation of right-of-use assets	388	434
Depreciation of property and equipment	808	794
Depreciation of investment properties	320	308
Amortisation of intangible assets	117	96
Amortisation of other assets	25	10
Share of profits and losses of associates and joint ventures	(703)	(494)
Gain on disposal of items of property and equipment, intangible assets and other long-term assets, net	(7)	1
Increase in reinsurance assets	(229)	(437)
Increase/(Decrease) in other operating assets	(1,034)	520
Increase in insurance contract liabilities	77,915	38,725
Decrease in other operating liabilities	2,981	1,628
Income tax paid	(491)	108
Net cash inflows from operating activities	64,316	32,603

39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash at bank and on hand, financial assets at fair value through profit or loss, securities purchased under agreements to resell, term deposits, financial assets at amortised cost, debt financial assets at fair value through other comprehensive income, equity financial assets at fair value through other comprehensive income, and statutory deposits.

The Group's financial liabilities mainly include securities sold under agreements to repurchase, and bonds payable.

The following table summarises the carrying value and estimated fair value of financial instruments that measured at amortised cost with fair value not approximate to the carrying amount.

	31 December 2025	
	Carrying amount	Fair value
Financial assets:		
Financial assets at amortised cost	8,108	8,142
Financial liabilities:		
Bonds payable	19,522	19,747
	31 December 2024	
	Carrying amount	Fair value
Financial assets:		
Financial assets at amortised cost	2,411	2,433
Financial liabilities:		
Bonds payable	19,507	19,974

The fair value of bonds payable is determined by a valuation technique that discounts the expected contractual cash flows using a risk-adjusted discount rate, which uses the risk-free interest rate at the date of valuation, taking into account credit risk and the marginal credit risk associated with future cash flows.

The carrying amounts of other financial assets and financial liabilities approximate their fair values.

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40 FAIR VALUE MEASUREMENT

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1”);
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (“Level 2”); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) (“Level 3”).

The level of fair value calculation is determined by the lowest level input with material significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd.. All significant inputs are observable in the market.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

40 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value and fair value hierarchy (continued)

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Equity securities	27,918	41	–	27,959
Funds	23,521	5	–	23,526
Bonds	179	41,802	–	41,981
Others	2	36,434	48,488	84,924
Debt financial assets at fair value through other comprehensive income				
Bonds	–	269,304	–	269,304
Others	–	21,969	31,338	53,307
Equity financial assets at fair value through other comprehensive income				
Equity securities	59,555	–	–	59,555
Others	–	–	1,466	1,466
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	–	2,998	–	2,998
Assets for which fair values are disclosed				
Financial assets at amortised cost	–	–	8,142	8,142
Liabilities for which fair values are disclosed				
Bonds payable	2,136	17,611	–	19,747

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40 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value and fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities: (continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Equity securities	20,897	65	–	20,962
Funds	17,359	–	–	17,359
Bonds	135	37,687	–	37,822
Others	–	17,773	43,663	61,436
Debt financial assets at fair value through other comprehensive income				
Bonds	–	254,433	–	254,433
Others	–	21,633	35,905	57,538
Equity financial assets at fair value through other comprehensive income				
Equity securities	46,625	–	–	46,625
Others	–	–	1,409	1,409
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	–	2,076	–	2,076
Assets for which fair values are disclosed				
Financial assets at amortised cost	–	–	2,433	2,433
Liabilities for which fair values are disclosed				
Bonds payable	2,146	17,828	–	19,974

For the years ended 31 December 2025 and 2024, there were no significant transfers between Level 1 and Level 2 fair value measurements.

40 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value and fair value hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Financial assets at fair value through profit or loss	Debt financial assets at fair value through other comprehensive income	Equity financial assets at fair value through other comprehensive income
As at 1 January 2025	43,663	35,905	1,409
Purchases	5,602	4,889	–
Total gains recorded in profit or loss	(174)	(1,182)	–
Total gains recorded in other comprehensive income	–	(239)	66
Maturity and disposal	(603)	(8,035)	(9)
As at 31 December 2025	48,488	31,338	1,466

	Financial assets at fair value through profit or loss	Debt financial assets at fair value through other comprehensive income	Equity financial assets at fair value through other comprehensive income
As at 1 January 2024	44,315	36,475	1,702
Purchases	5,836	8,020	–
Total gains recorded in profit or loss	(2,864)	1,575	–
Total gains recorded in other comprehensive income	–	(1,408)	(293)
Maturity and disposal	(3,624)	(8,757)	–
As at 31 December 2024	43,663	35,905	1,409

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40 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value and fair value hierarchy (continued)

Below is a summary of significant unobservable inputs to the valuation of financial assets at fair value classified as Level 3 together as at 31 December 2025 and 2024.

	Valuation technique	Significant unobservable input	Range	Relationships between fair value and unobservable inputs
Debt investments	Discounted cash flow method	Discount rate	31 December 2025: 1.84%-12.40% (31 December 2024: 1.87%-13.20%)	The fair value is inversely related to the discount rate
Equity investments	Discounted cash flow method	Discount rate	31 December 2025: 2.15%-2.78% (31 December 2024: 2.17%-2.79%)	The fair value is inversely related to the discount rate
	Comparable Company method	Illiquidity discount	31 December 2025: 9%-30% (31 December 2024: 4%-30%)	The fair value is inversely related to the illiquidity discount

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

The fair value of the unquoted equity investments has been determined using valuation techniques such as discounted cash flow method and comparable company method of listed companies, with appropriate adjustments have been made where applicable, for example, using option pricing models for lack of liquidity.

41 RISK MANAGEMENT

Insurance risk

(1) Types of insurance risks

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance lapse and surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The insurance business of the Group mainly comprises long-term life insurance contracts, property and casualty and short-term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

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41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(1) Types of insurance risks (continued)

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behaviour and decisions.

(2) Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business in note 5.

41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(3) Assumptions and sensitivities

Long-term life insurance contracts

Assumptions

Significant judgement is required in determining insurance contract reserves and in choosing discount rates/ investment return, mortality, morbidity, lapse rates, expenses assumptions, and policy dividend relating to long-term life insurance contracts.

Sensitivities

The Group has measured the impact on long-term life insurance contract liabilities using sensitivity analysis, of varying independently certain assumptions under reasonable and possible circumstances.

	31 December 2025		
	Change in assumptions	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Mortality/morbidity	+10%	(1,208)	(1,979)
Mortality/morbidity	-10%	1,106	1,981
Lapse and surrender rate	+10%	(88)	530
Lapse and surrender rate	-10%	54	(543)
Expenses	+10%	(104)	(165)
Expenses	-10%	100	160

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41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Long-term life insurance contracts (continued)

Sensitivities (continued)

		31 December 2024	
	Change in assumptions	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Mortality/morbidity	+10%	(1,118)	(1,986)
Mortality/morbidity	-10%	973	1,951
Lapse and surrender rate	+10%	(15)	601
Lapse and surrender rate	-10%	20	(574)
Expenses	+10%	(102)	(166)
Expenses	-10%	102	166

Property and casualty and short-term life insurance contracts

Assumptions

The principal assumption underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include risk margin and delays in settlement.

Sensitivities

It is not possible to quantify the sensitivity of certain variables such as legislative change and uncertainty in the estimation process with any degree of confidence. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the liabilities for incurred claims were not quantifiable with certainty at the end of the reporting period.

41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

The Group uses sensitivity analyses to measure the impact that a reasonable and probable change in the claim costs, with all other assumptions held constant, would have on the Group's property and casualty and short-term life insurance incurred claims liabilities.

	Change in assumptions	31 December 2025			
		Impact on profit before tax		Impact on equity before tax	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Average claim costs	+1%	(191)	(148)	(191)	(148)
Average claim costs	-1%	189	147	189	147

	Change in assumptions	31 December 2024			
		Impact on profit before tax		Impact on equity before tax	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Average claim costs	+1%	(169)	(132)	(169)	(132)
Average claim costs	-1%	167	130	167	130

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41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

The following table indicates the gross claim development for property and casualty insurance contracts:

	2021	2022	2023	2024	2025	Total
Estimated cumulative claims paid:						
Year end	24,978	24,736	27,920	31,844	32,341	
1 year later	24,915	24,837	27,741	31,670		
2 years later	25,048	24,687	27,839			
3 years later	25,221	24,720				
4 years later	25,322					
Current estimate of cumulative claims	25,322	24,720	27,839	31,670	32,341	141,892
Cumulative payments to date	25,055	23,697	27,224	28,587	21,025	125,588
Subtotal						16,304
Prior period adjustments, unallocated loss adjustment expenses and risk adjustment for non-financial risk and discounting, etc						1,104
Total gross liabilities for incurred claims						17,408

41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

The following table indicates the net claim development for property and casualty insurance contracts:

	2021	2022	2023	2024	2025	Total
Estimated cumulative claims paid:						
Year end	23,784	23,801	26,856	30,468	30,896	
1 year later	23,622	23,250	26,907	30,428		
2 years later	23,765	23,077	26,965			
3 years later	23,982	23,118				
4 years later	24,063					
Current estimate of cumulative claims	24,063	23,118	26,965	30,428	30,896	135,470
Cumulative payments to date	23,998	22,893	26,538	27,751	20,518	121,698
Subtotal						13,772
Prior period adjustments, unallocated loss adjustment expenses and risk adjustment for non-financial risk and discounting, etc						(360)
Net liabilities for incurred claims						13,412
Amount recoverable on incurred claims						3,996
Total gross liabilities for incurred claims						17,408

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41 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product line. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurance contracts assets and reinsurance contract liabilities.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

41 RISK MANAGEMENT (CONTINUED)

Financial risk

(1) Market risk

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuation of market prices, which includes foreign currency risk, interest rate risk and price risk.

(i) Foreign currency risk

The following tables summarise the Group's exposure to foreign currency exchange rate risk at the end of the reporting period by categorising financial assets and financial liabilities by major currency.

	31 December 2025					
	USD	HKD	AUD	EUR	GBP	Total
Financial assets						
Cash at bank and on hand	6,953	543	304	4	9	7,813
Term deposits	–	–	668	–	–	668
Financial assets at fair value through profit or loss	4,382	2,358	5	16	22	6,783
Equity financial assets at fair value through other comprehensive income	461	2,782	–	–	–	3,243
Debt financial assets at fair value through other comprehensive income	1,331	–	–	–	–	1,331
Total	13,127	5,683	977	20	31	19,838
Financial liabilities						
Bonds payable	2,119	–	–	–	–	2,119
Total	2,119	–	–	–	–	2,119

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(1) Market risk (continued)

(i) Foreign currency risk (continued)

	31 December 2024					Total
	USD	HKD	AUD	EUR	GBP	
Financial assets						
Cash at bank and on hand	576	278	273	3	22	1,152
Term deposits	–	19	385	–	–	404
Financial assets at fair value through profit or loss	5,951	2,811	–	133	139	9,034
Equity financial assets at fair value through other comprehensive income	893	1,432	–	–	–	2,325
Debt financial assets at fair value through other comprehensive income	4,202	–	–	–	–	4,202
Total	11,622	4,540	658	136	161	17,117
Financial liabilities						
Bonds payable	2,163	–	–	–	–	2,163
Total	2,163	–	–	–	–	2,163

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(1) Market risk (continued)

(i) Foreign currency risk (continued)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity when the foreign exchange rates of USD and other foreign currencies vary.

	31 December 2025	
	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
+10%	1,315	1,772
-10%	(1,315)	(1,772)

	31 December 2024	
	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
+10%	843	1,495
-10%	(843)	(1,495)

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(1) Market risk (continued)

(ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, which mainly include listed equity securities and security investment funds of equity financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group manages price risk by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of concentration in any one specific industry or issuer.

The analysis below is performed for reasonably possible movements in price with all other assumptions held constant, showing the pre-tax impact on profit and equity of the Group when the price of relevant financial instruments had been 10% higher/lower.

		31 December 2025		31 December 2024	
		Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Financial instruments	+10%	2,976	8,931	2,203	6,866
Insurance contract liabilities	+10%	(757)	(1,860)	(175)	(1,639)
Financial instruments	-10%	(2,976)	(8,931)	(2,203)	(6,866)
Insurance contract liabilities	-10%	753	1,857	46	1,510

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(1) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's debt financial assets are principally composed of term deposits, debt securities, debt schemes and wealth management products which are exposed to interest rate risk. The Group manages interest rate risk through adjustments to portfolio structure and duration, and, to the extent possible, by monitoring the mean duration of its assets and liabilities.

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the financial instruments and long-term life insurance contracts liabilities showing the pre-tax impact on the Group's profit and equity.

	31 December 2025		
	Change in assumptions	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Financial instruments	+25 bps	(523)	(11,589)
Insurance contracts	+25 bps	(150)	18,144
Financial instruments	-25 bps	523	11,589
Insurance contracts	-25 bps	143	(19,383)

	31 December 2024		
	Change in assumptions	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Financial instruments	+25 bps	(444)	(10,761)
Insurance contracts	+25 bps	(355)	16,189
Financial instruments	-25 bps	444	10,761
Insurance contracts	-25 bps	315	(17,376)

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk

Credit risk is the risk that one party of a financial transaction or the issuer of a financial instrument will fail to discharge its obligation and cause another party to incur a financial loss. Because the Group's investment portfolio is restricted to the types of investments as permitted by the regulatory authorities and a significant portion of the portfolio is in government bonds, government agency bonds, interbank deposits, corporate bonds with higher credit rating and term deposits with the state-owned commercial banks, the Group's overall exposure to credit risk is relatively low. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, debt investment schemes, trust schemes, insurance receivables, other receivables and reinsurance arrangement, etc.

The Group manages credit risk through in-house research and analysis of the Chinese economy and the underlying obligors and transaction structures. Where appropriate, the Group obtains collateral in the form of rights to cash, securities, property and equipment to lower the credit risk. The Group's credit risk associated with insurance receivables mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months, but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

Credit risk exposure

The carrying amount of financial assets, insurance contract assets and reinsurance contract assets included on the consolidated statement of financial position represents the maximum credit risk exposure at the reporting date without taking account of any collateral held or other credit enhancements attached. The Group had no credit risk exposure relating to off-balance sheet items as at 31 December 2025 and 2024.

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Collateral and other credit enhancements

Securities purchased under agreements to resell are pledged by counterparties' debt securities or term deposits of which the Group could take the ownership if the owner of the collateral defaults. Policy loans and most of premium receivables are collateralised by their policies' cash value according to the terms and conditions of policy loan contracts and policy contracts, respectively.

Credit quality

The Group's debt securities investment mainly includes government bonds, corporate bonds, interbank deposits, financial bonds and subordinated bonds or debts. Most of these corporate bonds and subordinated bonds or debts have credit ratings of AA/A-2 or above. The bonds or debts' credit ratings are assigned by a qualified appraisal institution in the PRC.

Most of the Group's bank deposits are with the four largest state-owned commercial banks and other national commercial banks in the PRC. Reinsurance of the Group is mainly placed with reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A.M. Best, Fitch or Moody's) or above except for state-owned reinsurance companies. The Group believes these commercial banks and reinsurance companies have a high credit quality.

The credit risk associated with securities purchased under agreements to resell has not caused a material impact on the consolidated financial statements taking into consideration their sufficient collateral held and maturity terms of no more than one year as at 31 December 2025 and 2024.

Measurement of expected credit losses

The Group formulates the credit losses of financial assets, such as financial assets at amortised cost, debt financial assets at FVOCI and so on using expected credit loss models (ECL) according to IFRS 9 requirements.

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Measurement of expected credit losses (continued)

Judgement of SICR

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factor being considered include regulatory and operating environment, credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- (i) Debtor is more than 90 days past due after the contractual payment date
- (ii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (iii) significant financial difficulty of the issuer or the borrower;
- (iv) a breach of contract, such as a default or past due event;

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Measurement of expected credit losses (continued)

The definition of credit-impaired assets (continued)

- (v) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (vi) the disappearance of an active market for that financial asset because of financial difficulties;
- (vii) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

- (i) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- (ii) Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- (iii) Loss Given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Measurement of expected credit losses (continued)

Parameters of ECL model (continued)

When assessing whether the credit risk of a financial instrument has increased significantly since its initial recognition, the Group considers changes in default risk during the expected lifetime of the financial instrument. The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the Lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band. This is supported by historical analysis.

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as “low risk”, “medium risk” and “high risk” according to the internal rating scale. “Low risk” means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred credit losses. “Medium risk” means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred credit losses. “High risk” means that there are factors revealing significant adverse impact on the asset quality, or financial investments actually in default.

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Measurement of expected credit losses (continued)

The following table contains an analysis of the credit risk grading of financial assets at amortised cost and debt financial assets at fair value through other comprehensive income. The carrying value of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

	31 December 2025			Total
	Stage one 12-month ECL	Stage two Lifetime ECL	Stage three Lifetime ECL	
Measured at fair value				
Credit grade				
Low risk	319,587	387	–	319,974
Medium risk	236	1,508	–	1,744
High risk	–	–	893	893
Carrying value	319,823	1,895	893	322,611
Measured at amortised cost				
Credit grade				
Low risk	8,108	–	–	8,108
Medium risk	–	–	–	–
High risk	–	–	–	–
Carrying value	8,108	–	–	8,108

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Measurement of expected credit losses (continued)

The following table contains an analysis of the credit risk grading of financial assets at amortised cost and debt financial assets at fair value through other comprehensive income. The carrying value of financial assets below also represents the Group's maximum exposure to credit risk on these assets: (continued)

	31 December 2024			
	Stage one 12-month ECL	Stage two Lifetime ECL	Stage three Lifetime ECL	Total
Measured at fair value				
Credit grade				
Low risk	307,614	–	–	307,614
Medium risk	1,777	321	–	2,098
High risk	–	–	2,259	2,259
Carrying value	309,391	321	2,259	311,971
Measured at amortised cost				
Credit grade				
Low risk	2,411	–	–	2,411
Medium risk	–	–	–	–
High risk	–	–	–	–
Carrying value	2,411	–	–	2,411

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(2) Credit risk (continued)

Measurement of expected credit losses (continued)

The movement in the provision for impairment of financial assets at amortised cost and debt financial assets at fair value through other comprehensive income based on 12-month expected credit losses and lifetime expected credit losses is shown below:

	2025			
	Stage one 12-month ECL	Stage two Lifetime ECL (No credit impairment)	Stage three Lifetime ECL (Credit impairment occurred)	Total
Balance at the beginning of the year	98	5	3,293	3,396
Transfer between stages	(15)	15	–	–
Accrual/reversal during the year	10	30	1,135	1,175
Disposals/write-offs during the year	–	–	(1,277)	(1,277)
Balance at the end of the year	93	50	3,151	3,294

	2024			
	Stage one 12-month ECL	Stage two Lifetime ECL (No credit impairment)	Stage three Lifetime ECL (Credit impairment occurred)	Total
Balance at the beginning of the year	124	84	1,679	1,887
Transfer between stages	–	(85)	85	–
Accrual/reversal during the year	(12)	6	1,677	1,671
Disposals/write-offs during the year	(14)	–	–	(14)
Others	–	–	(148)	(148)
Balance at the end of the year	98	5	3,293	3,396

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing to repay a contractual obligation; or an insurance liability falling due for payment earlier than expected; or the inability to generate cash inflows as anticipated.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. When surrenders, reductions or other early terminations of policies occur, the Group determines the amounts that are payable on demand to the policyholders in accordance with the insurance contracts, which is usually the amount of unearned premiums corresponding to the relevant portion of the contract or the corresponding cash value of the policy, less the early termination fee (if any). The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

It is unusual for an enterprise primarily transacting insurance business to predict the requirements of funding with absolute certainty, as the theory of probability is applied on insurance contracts to ascertain the likely provision and the period when such liabilities will require settlement. The amounts and maturity periods of these insurance liabilities are thus based on management's best estimate according to statistical techniques and experience.

41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(3) Liquidity risk (continued)

The following tables set forth the contractual and expected undiscounted cash flows for financial assets and liabilities and insurance liabilities:

	31 December 2025					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets						
Financial assets at fair value through profit and loss	–	10,943	38,201	22,350	114,331	185,825
Financial assets at amortised cost	–	1,326	7,391	317	–	9,034
Debt financial assets at fair value through other comprehensive income	–	54,081	61,306	356,701	–	472,088
Equity financial assets at fair value through other comprehensive income	–	–	–	–	61,021	61,021
Term deposits	–	3,116	20,521	–	–	23,637
Statutory deposits	–	1,560	5,170	–	–	6,730
Securities purchased under agreements to resell	–	5,436	–	–	–	5,436
Insurance contract assets	–	(309)	(3)	340	–	28
Reinsurance contract assets	–	3,585	1,881	323	–	5,789
Cash at bank and on hand	15,373	–	–	–	–	15,373
Liabilities						
Insurance contract liabilities	–	3,408	64,874	1,073,147	–	1,141,429
Reinsurance contract liabilities	–	21	4	–	–	25
Lease liabilities	–	275	347	3	–	625
Bonds payable	–	2,873	3,406	18,570	–	24,849
Financial liabilities at fair value through profit or loss	–	1,160	1,838	–	–	2,998
Securities sold under agreements to repurchase	–	27,661	–	–	–	27,661

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41 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(3) Liquidity risk (continued)

The following tables set forth the contractual and expected undiscounted cash flows for financial assets and liabilities and insurance liabilities: (continued)

	31 December 2024					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets						
Financial assets at fair value through profit and loss	–	11,895	37,858	11,190	79,417	140,360
Financial assets at amortised cost	–	96	2,619	–	–	2,715
Debt financial assets at fair value through other comprehensive income	–	40,209	78,884	301,462	–	420,555
Equity financial assets at fair value through other comprehensive income	–	–	–	–	48,034	48,034
Term deposits	–	880	8,334	1,743	–	10,957
Statutory deposits	–	2,367	4,463	–	–	6,830
Securities purchased under agreements to resell	–	5,300	–	–	–	5,300
Insurance contract assets	–	388	452	236	–	1,076
Reinsurance contract assets	–	3,650	1,351	396	–	5,397
Cash at bank and on hand	6,706	–	–	–	–	6,706
Liabilities						
Insurance contract liabilities	–	(4,129)	60,428	958,432	–	1,014,731
Reinsurance contract liabilities	–	9	8	–	–	17
Lease liabilities	–	320	336	4	–	660
Bonds payable	–	814	9,616	13,906	–	24,336
Financial liabilities at fair value through profit or loss	–	2,076	–	–	–	2,076
Securities sold under agreements to repurchase	–	22,939	–	–	–	22,939

41 RISK MANAGEMENT (CONTINUED)

Capital management

The Group's capital requirements are primarily dependent on the scale and products of insurance business, and the type of business that it undertakes, as well as the industry and geographic location in which it operates. The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and to maintain healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group manages its capital requirements by assessing shortfalls, if any, between the reported and the required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities.

The solvency ratios of the Group and its major insurance subsidiaries as at 31 December 2025 were calculated in accordance with the Regulatory Rules on the Solvency of Insurance Companies (II) and the Circular on Optimization of Solvency Supervision Standard for Insurance Companies by the National Financial Regulatory Administration.

The table below summarises the solvency ratios of the Group and its major insurance subsidiaries, calculated in accordance with the relevant solvency rules.

The Group

	31 December 2025	31 December 2024
Core capital	85,126	89,726
Actual capital	122,762	128,630
Minimum capital	62,671	56,619
Core solvency ratio	136%	158%
Comprehensive solvency ratio	196%	227%

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41 RISK MANAGEMENT (CONTINUED)

Capital management (continued)

Sunshine Life

	31 December 2025	31 December 2024
Core capital	58,731	65,483
Actual capital	90,691	98,630
Minimum capital	53,487	47,844
Core solvency ratio	110%	137%
Comprehensive solvency ratio	170%	206%

Sunshine P&C

	31 December 2025	31 December 2024
Core capital	15,042	13,792
Actual capital	20,719	19,547
Minimum capital	8,738	8,379
Core solvency ratio	172%	165%
Comprehensive solvency ratio	237%	233%

41 RISK MANAGEMENT (CONTINUED)

Disclosures about interest in unconsolidated structured entities

The Group's interests in unconsolidated structured entities are included in investments classified as financial assets at fair value through profit or loss and debt financial assets at fair value through other comprehensive income. The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for customers, to provide finance to public and private sector infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the issue of beneficiary notes or trust units to investors. Refer to note 2.1 for the Group's consolidation consideration related to structured entities.

The following table shows the Group's interests in unconsolidated structured entities. It also shows the Group's maximum exposure to these unconsolidated structured entities, representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of direct investments made by the Group.

As at 31 December 2025, the Group's interests in unconsolidated structured entities and maximum exposure are shown below:

	Carrying amount	The Group's maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	4,799	4,799	Investment income and management fee
Products managed by third parties (note 2)	69,854	69,854	Investment income
Total	74,653	74,653	

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41 RISK MANAGEMENT (CONTINUED)

Disclosures about interest in unconsolidated structured entities (continued)

As at 31 December 2024, the Group's interests in unconsolidated structured entities and maximum exposure are shown below:

	Carrying amount	The Group's maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	2,490	2,490	Investment income and management fee
Products managed by third parties (note 2)	49,664	49,664	Investment income
Total	52,154	52,154	

Note 1: As at 31 December 2025, the size of the unconsolidated structured entities which the Group sponsored and had interest in was RMB26,641 million (31 December 2024: RMB29,785 million). As at 31 December 2025, the size of unconsolidated structured entities which the Group sponsored but had no interest in was RMB192,438 million (31 December 2024: RMB226,781 million).

Note 2: The structured entities are sponsored by third party financial institutions and the information related to the size of these structured entities were not publicly available.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Shareholders holding more than 5% of the Company's shares:

Name	Relationship with the Company	Percentage of shareholding
Beijing Chengtong Financial Holding Investment Co., Ltd. ⁽ⁱ⁾ ("Beijing Chengtong")	Shareholder of the Company	6.09%
China Chengtong Holdings Group Ltd. ⁽ⁱ⁾ ("China Chengtong")	Shareholder of the Company	3.04%
Beijing Ruiteng Yihong Investment Management Co., Ltd. ⁽ⁱⁱ⁾ ("Ruiteng Yihong")	Shareholder of the Company	6.09%
Septwolves Group Holding Co., Ltd. ⁽ⁱⁱⁱ⁾ ("Septwolves")	Shareholder of the Company	0.87%
Beijing Bangchen Zhengtai Investment Co., Ltd. ⁽ⁱⁱⁱ⁾ ("Bangchen Zhengtai")	Shareholder of the Company	4.09%
Shanghai Xuchang Technology Co., Ltd. ⁽ⁱⁱⁱ⁾ ("Shanghai Xuchang")	Shareholder of the Company	4.09%
Shannan Hongquan Management Consulting Co., Ltd. ⁽ⁱⁱⁱ⁾ ("Shannan Hongquan")	Shareholder of the Company	3.24%

(i) Beijing Chengtong and China Chengtong are related parties and hold more than 5% of the Company's shares in total.

(ii) Ruiteng Yihong and Septwolves are related parties, and hold more than 5% of the Company's shares in total.

(iii) Bangchen Zhengtai, Shanghai Xuchang and Shannan Hongquan are related parties, and hold more than 5% of the Company's shares in total.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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42 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other related parties

Name	Relationship with the Company
Jiangsu Yonggang Group Co., Ltd. ("Jiangsu Yonggang")	A shareholder of the Company
Chengdu Ronghe Sunshine Health Technology Co., Ltd. ("Chengdu Ronghe") ⁽ⁱ⁾	An associate of the Group
Riverhead Capital Investment Management Co., Ltd. ("Riverhead Capital")	An associate of the Group
Hongde Fund Management Co., Ltd. ("Hongde Fund")	An associate of the Group
Chengtai Lease	An associate of the Group
Beijing Yicai Human Resources Consulting Co., Ltd. ("Beijing Yicai") ⁽ⁱⁱ⁾	A subsidiary of the Group's joint venture

(i) In December 2025, Chengdu Shuangliu Sunshine Harmony Network Hospital Co., Ltd. was renamed to Chengdu Ronghe Sunshine Health Technology Co., Ltd..

(ii) Beijing Yicai is subsidiary of the Group's joint venture, Beijing Yicai Hongye Management Consulting Co., Ltd..

(c) Transactions with significant related parties

The following table summarises significant transactions carried out by the Group with its significant related parties:

	2025	2024
Gross written premiums from:		
Beijing Yicai	5	24
Investment income from:		
China Chengtong	31	23
Jiangsu Yonggang	3	14
Chengtai Lease	6	13
Administrative and other expenses to:		
Chengdu Ronghe	4	10

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to significant related parties

	31 December 2025	31 December 2024
Entrusted assets managed by ⁽ⁱ⁾ :		
Riverhead Capital	7,585	9,325
Hongde Fund	4,623	4,252
Investments in bonds and other debt investments issued by:		
China Chengtong	1,112	1,157
Chengtai Lease	51	254

- (i) Entrusted assets managed by related parties represent the Group's investments in funds and wealth management products issued and managed by related parties.

(e) Key management personnel compensation

	2025	2024
Employee benefit expenses	78	99

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43 COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 December 2025	31 December 2024
Contracted, but not provided for	15,771	13,308

44 CONTINGENT LIABILITIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies. Provision has been made for the probable losses to the Group, including those claims where management can reasonably estimate the outcome of the litigations taking into account the legal advice, if any. No provision is made for contingencies and legal proceedings when the result cannot be reasonably estimated or the probability of loss is so low.

In addition to the above legal proceedings, as at 31 December 2025, the Group was the defendant in certain pending litigation and disputes. Provisions have been made for the possible loss based on best estimate by the management and the Group would only be contingently liable for any claim that is in excess of what had been provided. No provision is made for contingencies and legal proceedings when the result cannot be reasonably estimated or the probability of loss is extremely low.

45 STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(1) Statement of financial position of the Company:

	31 December 2025	31 December 2024
ASSETS		
Property and equipment	568	594
Right-of-use assets	755	816
Investments properties	478	493
Investments in subsidiaries	37,339	36,940
Financial investments:		
Financial assets at fair value through profit or loss	2,040	1,269
Debt financial assets at fair value through other comprehensive income	3,284	4,276
Other assets	2,946	3,197
Cash at bank and on hand	1,223	943
Total assets	48,633	48,528
LIABILITIES AND EQUITY		
Liabilities		
Lease liabilities	36	73
Securities sold under agreements to repurchase	560	970
Other liabilities	2,060	1,816
Total liabilities	2,656	2,859
Equity		
Share capital	11,502	11,502
Reserves	31,286	30,833
Retained profits	3,189	3,334
Total equity	45,977	45,669
Total liabilities and equity	48,633	48,528

ZHANG Weigong
Director

PENG Jihai
Director

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45 STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(2) Reserve movement of the Company:

	Capital reserves	Surplus reserves	General risk reserves	Financial assets at FVOCI reserves	Total	Retained profits
As at 1 January 2025	27,094	1,819	1,819	101	30,833	3,334
Net profit	–	–	–	–	–	2,550
Other comprehensive income	–	–	–	(57)	(57)	–
Total comprehensive income	–	–	–	(57)	(57)	2,550
Dividend declared	–	–	–	–	–	(2,185)
Appropriation to surplus reserves	–	255	–	–	255	(255)
Appropriation to general risk reserves	–	–	255	–	255	(255)
As at 31 December 2025	27,094	2,074	2,074	44	31,286	3,189

	Capital reserves	Surplus reserves	General risk reserves	Financial assets at FVOCI reserves	Total	Retained profits
As at 1 January 2024	27,094	1,557	1,557	17	30,225	3,310
Net profit	–	–	–	–	–	2,618
Other comprehensive income	–	–	–	84	84	–
Total comprehensive income	–	–	–	84	84	2,618
Dividend declared	–	–	–	–	–	(2,070)
Appropriation to surplus reserves	–	262	–	–	262	(262)
Appropriation to general risk reserves	–	–	262	–	262	(262)
As at 31 December 2024	27,094	1,819	1,819	101	30,833	3,334

46 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.

