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Yunfeng Financial Group Limited

雲鋒金融集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

INSIDE INFORMATION POSITIVE PROFIT ALERT

This announcement is made by Yunfeng Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, the Laws of Hong Kong).

As per announcement made by the Company on 23 August 2023, the Group has adopted the new accounting standard of Hong Kong Financial Reporting Standard 17 - Insurance Contracts (the “**New Standard**”) which replaced Hong Kong Financial Reporting Standard 4 - Insurance Contracts (the “**Old Standard**”) since the financial year beginning on 1 January 2023. The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Company for the year ended 31 December 2023 (the “**Year 2023**”), prepared on the basis of the New Standard, the Group is expected to record a net profit attributable to the equity shareholders of the Company for the Year 2023 of approximately HK\$390 million. After restatement based on the New Standard, a net loss attributable to equity shareholders of approximately HK\$640 million is expected to have been recorded for the year ended 31 December 2022 (the “**Year 2022**”). Based on the Old Standard, the net loss attributable to equity shareholders recorded for the Year 2022 was approximately HK\$260 million.

The expected turnaround for the Year 2023 is mainly due to the fair value loss of the Group’s investments having significantly decreased as compared to the same period last year.

The difference between the loss for Year 2022 under the New Standard and the Old Standard is mainly due to the fact that under the New Standard, the changes in the fair value of certain bonds and equity investments held by the Company's principal subsidiary, YF Life Insurance International Limited (“**YF Life**”), are required to be recognized in the income statement, whereas under the Old Standard, such fair value changes were recognized in the fair value reserve.

As mentioned above, under the New Standard, changes in the fair value of certain investment assets are required to be recognized in the income statement, which are expected to cause volatility in the Group's net profit (accounting basis) under the New Standard. Therefore, going forward, the Group will disclose the financial performance measure referred to as “net operating income”, which is more reflective of the performance of the Group's core business, in the future annual report and interim report of the Company as additional information for the reference of shareholders and potential investors.

YF Life's reported key business performance figures for the Year 2023 are as follows:

- New business annual premium equivalent (total business) was HK\$2,867 million, an increase of 74%* compared with the same period last year.
- Value of new business was HK\$1,009 million, an increase of 33% compared with the same period last year.

*(*excluding short-term endowment products)*

The information contained in this announcement is only based on preliminary estimates which have not yet been reviewed by the audit committee of the Company and the independent auditor of the Company. If the Company's future estimates differ materially from above estimates, the Company will provide updates on a timely basis. For further details of the Group's results, shareholders of the Company and potential investors should read the announcement for the Group's Year 2023 results, which is expected to be published before the end of March 2024.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Yunfeng Financial Group Limited
Chan Man Ko
Company Secretary

Hong Kong, 15 March 2024

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive director), Mr. Fang Lin (who is Chief Executive Officer and executive director), Mr. Huang Xin (who is executive director), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive directors).