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## **Sunshine Insurance Group Company Limited**

**陽光保險集團股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 6963)**

### **CONTINUING CONNECTED TRANSACTION RENEWAL OF ENTRUSTED INVESTMENT MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

#### **ENTERING INTO THE NEW ENTRUSTED INVESTMENT MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the prospectus of the Company dated November 30, 2022 (the “**Prospectus**”) in relation to (among others) entering into the Original Entrusted Investment Management Services Framework Agreement between the Company and Sunshine AMC, a subsidiary of the Company, and the setting of annual caps with respect to the Original Entrusted Investment Management Services Framework Agreement for the three years ending December 31, 2024.

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

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, Sunshine AMC is a non-wholly owned subsidiary of the Company. Sunshine AMC is a connected subsidiary of the Company and constitutes the connected person of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules. As such, the New Entrusted Investment Management Services Framework Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the annual caps under the New Entrusted Investment Management Services Framework Agreement exceeds 0.1% but is less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **ENTERING INTO THE NEW ENTRUSTED INVESTMENT MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the Prospectus of the Company in relation to (among others) entering into the Original Entrusted Investment Management Services Framework Agreement between the Company and Sunshine AMC, a subsidiary of the Company, and the setting of annual caps with respect to the Original Entrusted Investment Management Services Framework Agreement for the three years ending December 31, 2024.

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

The principal terms of the New Entrusted Investment Management Services Framework Agreement are set out below:

### ***Term***

From January 1, 2025 to December 31, 2027.

## ***Parties***

- (1) the Company; and
- (2) Sunshine AMC.

## ***Related Services***

Sunshine AMC shall provide entrusted investment management and investment advisory services (the “**Investment Management Services**”) to the Group in connection with entrusted assets. The Group will formulate investment guidelines and reasonably determine elements such as investment scope, investment quota, investment objectives, investment term and investment restrictions in accordance with the asset allocation plans, requirements on asset-liability management, regulatory policies and risk-return characteristics of insurance funds. The Group will amend the investment guidelines when policy environment, market trends and insurance business encounter major changes or regulatory policies permit new investment products.

Pursuant to the New Entrusted Investment Management Services Framework Agreement, Sunshine AMC shall provide entrusted investment management (including investment in stocks, funds, bonds, asset management products, etc.) and investment advisory services (including direct equity investments, real estate investments and investments in private equity funds, etc.) to the Group.

## ***Pricing Policies***

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. 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 at the year end. Sunshine AMC may subscribe for financial products managed by itself with the entrusted assets of the Group, for which Sunshine AMC 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. 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, which in principle shall not exceed 20% of the net investment return from the investment portfolio for which Sunshine AMC provides

services and is normally determined at the year end. The Group shall only pay such performance-based service fees to Sunshine AMC when the return rate of the investment portfolio is higher than the benchmark return rate as agreed between the Group and Sunshine AMC.

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

### ***Historical Amounts and Basis of Annual Caps***

For the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the fees for Investment Management Services paid by the Group to Sunshine AMC were as follows:

*Unit: RMB million*

	<b>For the year ended December 31</b>		<b>For the nine months ended September 30</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Fees for Investment Management Services paid by the Group to Sunshine AMC <sup>(1)</sup>	821	678	543

*Note:*

- (1) It includes the investment management fees, advisory service fees and other relevant service fees paid by the Group to Sunshine AMC.

For the three years ending December 31, 2027, the annual caps of the fees for Investment Management Services to be paid by the Group to Sunshine AMC are expected to be as follows:

*Unit: RMB million*

	<b>For the year ending December 31</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
Fees for Investment Management Services to be paid by the Group to Sunshine AMC	1,066	1,310	1,436

The Directors have considered, among others, the following factors in determining the annual caps of the fees for Investment Management Services:

1. The historical entrusted fund scale and the historical amount of the Investment Management Services fees paid by the Group to Sunshine AMC during the two years ended December 31, 2022 and 2023 and for the nine months ended September 30, 2024;
2. The expected growth in entrusted fund scale of the Group in the next three years, the Group's new demands for entrusted Investment Management Services, nature of different types of products and the volatility and unpredictability of the overall financial market. In particular:
  - (1) for entrusted Investment Management Services, taking into comprehensive consideration of (i) the expected growth of the scale of the Group's entrusted assets and the Group's target allocation structure for its assets in the three years ending December 31, 2027; and (ii) the average benchmark performance and investment returns accrued from the Group's entrusted assets during the two years ended December 31, 2022 and 2023 and for the nine months ended September 30, 2024. The Company also included buffer in determining the proposed annual caps, taking into consideration the possible fluctuations of the Group's business and cash flow conditions in the three years ending December 31, 2027 as well as the unpredictability of the return exceeding the performance benchmarks;
  - (2) for investment advisory services, taking into comprehensive consideration of (i) the scale of alternative investment principal for which investment advisory services will be provided by Sunshine AMC to the Group in the three years ending December 31, 2027; and (ii) the estimated new investments and exit scale of alternative investment projects for which investment advisory services will be provided by Sunshine AMC to the Group in the three years ending December 31, 2027.

## **REASONS FOR AND BENEFITS OF 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 recognized 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 to the best interests of the Group and its Shareholders as a whole to proceed such transaction to leverage Sunshine AMC's advantage to promote the Group's investment business development and to provide better investment returns for our Shareholders.

The Directors, including the independent non-executive Directors, are of the view that the terms of the transactions contemplated under the New Entrusted Investment Management Services Framework Agreement are in the ordinary business of the Group and on normal commercial terms or better terms, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Mr. ZHANG Weigong, Mr. ZHAO Zongren, Mr. LI Ke, Mr. PENG Jihai, Mr. WANG Yongwen and Mr. HOU Huisheng are considered to hold management positions of the Company and/or Sunshine AMC in which they have interests, and have abstained from voting on the Board resolution for approving the New Entrusted Investment Management Services Framework Agreement and its annual caps.

## **INTERNAL CONTROL MEASURES**

To safeguard the interests of our Shareholders as a whole, including the minority Shareholders, the Company put in place internal control approval and monitoring procedures relating to the connected transactions, which include the following measures:

1. The Company adopted and implemented a management system on connected transactions. Under such system, a specific department of the Company will be responsible for the identification and maintenance of connected persons, and the Related Party Transactions Control Committee under the Board will be responsible for the management, review, approval and risk control of connected transactions. The Related Party Transactions Control Committee under the Board and various other internal departments of the Company (including but not limited to finance department, legal compliance department and investment management department) will be jointly responsible for assessing the terms under the framework agreement for continuing connected transactions, in particular the reasonableness of pricing policy and annual caps under each agreement;
2. The independent non-executive Directors and auditors of the Company will conduct an annual review of the continuing connected transactions of the Company and provide annual confirmations in accordance with the Hong Kong Listing Rules that the individual transactions are conducted in accordance with the terms of the relevant agreements, on normal commercial terms and in accordance with the pricing policy of the Company and in the interests of the Shareholders as a whole; and
3. When considering any renewal or revisions to the New Entrusted Investment Management Services Framework Agreement, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at the Board meetings or Shareholders' general meetings (as the case may be), and the independent non-executive Directors and independent Shareholders (as the case may be) have the right to consider if the terms of the continuing connected transaction (including the proposed annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. If the approvals from the independent non-executive Directors or the independent Shareholders (as the case may be) in respect of the continuing connected transactions cannot be obtained, the Company will not proceed such transactions.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, Sunshine AMC is a non-wholly owned subsidiary of the Company, in which the Company held, directly and indirectly, approximately 80% equity interest and Mr. ZHANG Weigong, the Chairman of the Company, indirectly held the remaining 20% equity interest, therefore, Sunshine AMC is a connected subsidiary of the Company and constitutes the connected person of the Company. As such, the New Entrusted Investment Management Services Framework Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the

highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the annual caps under the New Entrusted Investment Management Services Framework Agreement exceeds 0.1% but is less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **GENERAL INFORMATION**

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.

Sunshine AMC is a joint stock company incorporated in the PRC. Sunshine AMC and its subsidiary Sunshine AMC (HK) are engaged in carrying out insurance funds management within the Group and third-party asset management business as the entrusted asset manager. As at the date of this announcement, the Company held, directly and indirectly, approximately 80% equity interest in Sunshine AMC, and Sunshine AMC and Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司), a subsidiary of the Company, held 75% and 25% equity interest in Sunshine AMC (HK), respectively.

## **DEFINITIONS**

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

“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司), a joint stock company incorporated on June 27, 2007 under the laws of the PRC with limited liability, and if the context requires, includes its predecessors prior to the incorporation of the Company
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“New Entrusted Investment Management Services Framework Agreement”	the entrusted investment management services framework agreement entered into between the Company and Sunshine AMC on December 12, 2024
“Original Entrusted Investment Management Services Framework Agreement”	the entrusted investment management services framework agreement entered into between the Company and Sunshine AMC on November 21, 2022
“PRC”	the mainland of the People’s Republic of China, for the purpose of this announcement and except where the context requires, references in this announcement to “PRC” do not include Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Sunshine AMC”	Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司), a joint stock company established on December 4, 2012 under the laws of the PRC with limited liability, in which the Company directly and indirectly held approximately 80% equity interest as at the date of this announcement. If the context requires, it also includes its subsidiary Sunshine AMC (HK)
“Sunshine AMC (HK)”	Sunshine Asset Management (HK) Limited, a company with company registration completed on January 22, 2021 in Hong Kong with limited liability, in which Sunshine AMC and Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司), a subsidiary of the Company, held its 75% and 25% equity interest, respectively, as at the date of this announcement



“%”

per cent

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

Hong Kong, December 12, 2024

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