



Hong Leong Insurance (Asia) Limited

30 June 2025

Directors' Report and Financial Statements

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 30 June 2025.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Hong Leong Insurance (Asia) Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong and its principal place of business is situated at Room 807-810, 8/F, Island Place Tower, 510 King's Road, North Point, Hong Kong.

PRINCIPAL ACTIVITY

The principal activity of the Company is transacting general insurance business including statutory insurance and the acceptance of reinsurance in Hong Kong.

FINANCIAL STATEMENTS

The profit of the Company for the year ended 30 June 2025 and the Company's financial position as at that date are set out in the financial statements on pages 7 to 63.

TRANSFER TO RESERVES

Profit attributable to shareholders, before dividends, of HK\$57,627,282 (2024: HK\$18,824,389) has been transferred to reserves. Other movements in reserves are set out in the statement of changes in equity.

DIVIDENDS

An interim dividend of HK\$63 per share totalling HK\$31,500,000 was declared for the year ended 30 June 2025 (2024: Nil). The directors do not recommend the payment of any final dividend in respect of the year ended 30 June 2025 (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 19 to the financial statements. There were no movements during the year.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report are:

Kwek Leng Hai
Christian Karl Nothhaft (Appointed on 22 November 2024)
Wong Kwok Tim
Au Chee Ming
Loh Guat Lan
Liew Chin Chong

There being no provision in the Company's Articles of Association for the retirement of directors, all existing directors continue in office for the ensuing year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business to which the Company, its holding companies or subsidiary undertakings of its holding companies was a party, and in which a director of the Company had a material interest, was entered into or subsisted in the year.

MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into at any time during the year or subsisted at the end of the year.

DIRECTORS' INTERESTS IN SHARE/DEBENTURE ACQUISITION ARRANGEMENTS

Certain subsidiaries of Hong Leong Company (Malaysia) Berhad maintain share schemes or plans or arrangements which subsisted at the end of the year or at any time during the year, under which eligible directors of the Company may be granted shares/share options for acquisition of shares of respective companies concerned.

During the year, Ms. Loh Guat Lan (director of the Company) held shares in Hong Leong Financial Group Berhad ("HLFG"), the intermediate holding company of the Company, acquired under a share scheme maintained by a subsidiary of HLFG.

Apart from the above, at no time during the year was the Company, its holding companies or subsidiary undertakings of its holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board



Wong Kwok Tim

Director

Hong Kong,

03 OCT 2025



Independent auditor's report to the member of Hong Leong Insurance (Asia) Limited *(Incorporated in Hong Kong with limited liability)*

Opinion

We have audited the financial statements of Hong Leong Insurance (Asia) Limited ("the Company") set out on pages 7 to 63, which comprise the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis of Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



Independent auditor's report to the member of Hong Leong Insurance (Asia) Limited (continued)

(Incorporated in Hong Kong with limited liability)

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 HKSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.



**Independent auditor's report to the member of
Hong Leong Insurance (Asia) Limited (continued)**
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, 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.

The engagement partner on the audit resulting in this independent auditor's report is Leung, Ho Yin (practising certificate number: P08073).


Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

03 OCT 2025

Statement of profit or loss and other comprehensive income for the year ended 30 June 2025

(Expressed in Hong Kong dollars)

	Note	2025	2024
Insurance revenue	4	\$ 306,787,081	\$ 283,733,558
Insurance service expenses	4	<u>(187,284,313)</u>	<u>(254,509,755)</u>
Insurance service results from insurance contracts issued	4	<u>\$ 119,502,768</u>	<u>\$ 29,223,803</u>
Net (expenses)/income from reinsurance contracts held	4	<u>\$ (82,815,890)</u>	<u>\$ 4,118,405</u>
Insurance service result	4	<u>\$ 36,686,878</u>	<u>\$ 33,342,208</u>
Interest income on bank deposit	6	\$ 2,912,319	\$ 3,711,164
Other investment income	6	<u>44,497,261</u>	<u>1,221,823</u>
Investment income		<u>\$ 47,409,580</u>	<u>\$ 4,932,987</u>
Finance expenses from insurance contracts issued	5	\$ (14,692,852)	\$ (13,137,081)
Finance income from reinsurance contracts held	5	<u>11,574,618</u>	<u>10,257,524</u>
Net insurance finance expenses	5	<u>\$ (3,118,234)</u>	<u>\$ (2,879,557)</u>
Net financial result		<u>\$ 44,291,346</u>	<u>\$ 2,053,430</u>
Net insurance service and financial result		<u>\$ 80,978,224</u>	<u>\$ 35,395,638</u>
Other net income	7	\$ 2,813,452	\$ 2,354,010
Management expenses		(9,299,093)	(9,042,411)
Finance costs – interest expenses on lease liabilities		(27,513)	(35,837)
Administrative expenses		<u>(11,655,078)</u>	<u>(8,120,433)</u>
Profit before tax		<u>\$ 62,809,992</u>	<u>\$ 20,550,967</u>

**Statement of profit or loss and other comprehensive income
for the year ended 30 June 2025 (continued)**
(Expressed in Hong Kong dollars)

	Note	2025	2024
Profit before tax	8	\$ 62,809,992	\$ 20,550,967
Income tax	9	<u>(5,182,710)</u>	<u>(1,726,578)</u>
Profit and total comprehensive income for the year attributable to equity shareholders of the Company		<u>\$ 57,627,282</u>	<u>\$ 18,824,389</u>

The notes on pages 14 to 63 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11.

Statement of financial position as at 30 June 2025

(Expressed in Hong Kong dollars)

	Note	30 June 2025	30 June 2024
ASSETS			
Property, plant and equipment	12	\$ 85,370,953	\$ 88,688,535
Intangible assets	13	2,439,850	3,145,984
Financial assets at fair value through profit or loss	14	156,435,646	152,389,252
Reinsurance contract assets	15	120,532,428	200,339,243
Other receivables		23,742,138	7,712,219
Cash and cash equivalents	16	224,816,835	210,257,315
Total assets		<u>\$ 613,337,850</u>	<u>\$ 662,532,548</u>
LIABILITIES			
Insurance contract liabilities	15	\$ 261,739,115	\$ 302,859,260
Reinsurance contract liabilities	15	3,530,731	42,463,297
Other payables		17,680,398	17,395,498
Lease liabilities	17	405,842	558,329
Deferred tax liabilities	18(b)	3,650,562	6,242,582
Current taxation	18(a)	7,733,882	543,544
Total liabilities		<u>\$ 294,740,530</u>	<u>\$ 370,062,510</u>
NET ASSETS		<u>\$ 318,597,320</u>	<u>\$ 292,470,038</u>

Statement of financial position as at 30 June 2025
(continued)
(Expressed in Hong Kong dollars)

	Note	30 June 2025	30 June 2024
CAPITAL AND RESERVES			
Share capital	19	\$ 50,000,000	\$ 50,000,000
Retained profits		<u>268,597,320</u>	<u>242,470,038</u>
TOTAL EQUITY	19	<u>\$ 318,597,320</u>	<u>\$ 292,470,038</u>

Approved and authorised for issue by the board of directors on 03 OCT 2025


Wong Kwok Tim
Director


Loh Guat Lan
Director

The notes on pages 14 to 63 form part of these financial statements.

Statement of changes in equity
for the year ended 30 June 2025
 (Expressed in Hong Kong dollars)

	<i>Note</i>	<i>Share capital</i>	<i>Retained profits</i>	<i>Total</i>
At 1 July 2023		\$ 50,000,000	\$ 223,645,649	\$ 273,645,649
Profit and total comprehensive income for the year		\$ -	\$ 18,824,389	\$ 18,824,389
At 30 June 2024		\$ 50,000,000	\$ 242,470,038	\$ 292,470,038
Profit and total comprehensive income for the year		\$ -	\$ 57,627,282	\$ 57,627,282
Dividend paid	11	\$ -	\$ (31,500,000)	\$ (31,500,000)
At 30 June 2025		\$ 50,000,000	\$ 268,597,320	\$ 318,597,320

The notes on pages 14 to 63 form part of these financial statements.

Cash flow statement for the year ended 30 June 2025 (Expressed in Hong Kong dollars)

		2025	2024
	<i>Note</i>		
Operating activities			
Profit before taxation		\$ 62,809,992	\$ 20,550,967
Adjustments for:			
Depreciation	12	3,884,176	4,279,349
Amortisation	13	892,017	1,352,732
Dividend income from listed equity securities	6	(7,549,132)	(6,424,523)
Interest income	6	(5,495,077)	(3,905,777)
Interest expenses on lease liabilities	12(a)	27,513	35,837
Net exchange losses		-	11,343
Net realised losses on disposals of fixed assets	7	805	-
Net realised losses on disposals of listed securities	6	4,059,134	11,711,086
Net unrealised gains on listed securities	6	(38,424,505)	(6,313,773)
		<hr/>	<hr/>
Operating profit before changes in working capital		\$ 20,204,923	\$ 21,297,241
Decrease/(increase) in operating assets:			
- reinsurance contract assets		79,806,815	(71,129,582)
- other receivables		(16,060,058)	10,104,920
(Decrease)/increase in operating liabilities:			
- insurance contract liabilities		(41,120,145)	65,881,693
- reinsurance contract liabilities		(38,932,566)	14,730,677
- other payables		284,901	(815,530)
		<hr/>	<hr/>
Cash generated from operations		\$ 4,183,870	\$ 40,069,419
Tax paid - Hong Kong Profits Tax paid		-	(2,826,987)
Tax refund - Hong Kong Profits Tax refund	9	20,000	-
Tax paid - Withholding tax paid	9	(604,392)	(501,508)
		<hr/>	<hr/>
Net cash generated from operating activities		\$ 3,599,478	\$ 36,740,924
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Cash flow statement for the year ended 30 June 2025 (continued) (Expressed in Hong Kong dollars)

		2025	2024
	<i>Note</i>		
Investing activities			
Payments for purchase of property, plant and equipment	12	\$ (567,399)	\$ (1,540,712)
Payments for purchase of intangible assets	13	(185,883)	(3,734,677)
Payments for purchase of trading securities		(43,402,101)	(114,286,320)
Proceeds from sale of trading securities		73,721,077	56,384,692
Interest received		5,464,264	3,486,450
Dividend received from investments in listed equity securities		7,610,084	6,586,596
		<u>42,640,042</u>	<u>(53,103,971)</u>
Net cash generated from/(used in) investing activities		<u>\$ 42,640,042</u>	<u>\$ (53,103,971)</u>
Financing activities			
Dividend paid	11	\$ (31,500,000)	\$ -
Capital element of lease rentals paid	16(b)	(152,487)	(144,163)
Interest element of lease rentals paid	16(b)	(27,513)	(35,837)
		<u>(31,680,000)</u>	<u>(180,000)</u>
Net cash used in financing activities		<u>\$ (31,680,000)</u>	<u>\$ (180,000)</u>
Net increase/(decrease) in cash and cash equivalents		<u>\$ 14,559,520</u>	<u>\$ (16,543,047)</u>
Cash and cash equivalents at 1 July		<u>210,257,315</u>	<u>226,800,362</u>
Cash and cash equivalents at 30 June		<u>\$ 224,816,835</u>	<u>\$ 210,257,315</u>

The notes on pages 14 to 63 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 MATERIAL ACCOUNTING POLICIES

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (“CO”). Material accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

(b) *Basis of preparation*

The financial statements are presented in Hong Kong dollars, rounded to the nearest dollar. The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets at fair value through profit or loss (see note 1(e)), insurance contract assets, insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities (see note 1(d)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in next year are provided in note 2.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) *Changes in accounting policies*

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these, the following developments are relevant to the Company's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of those developments have had a material impact on how the Company's results and financial position of the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) *Insurance and reinsurance contracts*

(i) Classification of insurance and reinsurance contracts

Contracts under which the Company 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 are classified as insurance contracts. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company.

All insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) Recognition of insurance and reinsurance contracts

Groups of insurance contracts are initially recognised from the earlier of:

- When the coverage period starts;
- When the first payment from the policyholder is due, or is received if there is no due date; and
- Based on the facts and circumstances, the entity determines that the group of contracts is onerous.

(iii) Level of aggregation

The contracts are aggregated into portfolios based on similar risks and grouped to different cohorts by timing of issue, and are managed together. The Company holds multiple contracts covering multiple class of businesses, whereby each contract represents a different group of insurable risk. The Company manages the risks on a group of contracts basis. Contracts within the same product line would generally be expected to have similar risks. The Company sets its cohorts at annual intervals based on the underwriting year.

Insurance acquisition cash flows are directly attributable to the group of contracts and are allocated to the groups that belong to. This applies for all the groups.

Where multiple insurance components are present in a single contract, these multiple insurance components are measured separately where facts and circumstances indicate that separating them better reflects the economic substance of the contract. Currently, the Company's products do not include any insurance components that require separation.

(iv) Contract boundaries

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group. For insurance contracts issued, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide insurance coverage. A substantive obligation to provide coverage when (i) the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or (ii) the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date. The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when reinsurer: (i) Has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or (ii) Has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change overtime.

(v) Measurement model

The General Measurement Model ("GMM") is the default model to be used for the derivation of the liability for remaining coverage ("LRC"). The Company applies the Premium Allocation Approach ("PAA") to simplify the measurement of contracts. In addition to the contracts with coverage of less than one year, the PAA can be used for measurement of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the GMM.

(vi) Insurance contracts issued – Recognition and measurement

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the Company. The Company has chosen not to expense insurance acquisition cash flows when they are incurred. The carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. If at any times during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(vii) Reinsurance contracts held – Recognition and measurement

The Company applies the same accounting policies to measure a group of reinsurance contracts held, with adjustments of measurement of discount rate and risk adjustment for non-financial risk to reflect the nature of reinsurance contracts held. The use of assumptions for reinsurance contracts held are consistent with those used for related direct insurance contracts. The Company does not consider the estimates of the risk of reinsurer's non-performance as it is expected to be immaterial based on historical experience.

(viii) Risk adjustment for non-financial risk

The Company adjusts the estimate of the present value of the future cash flows to reflect the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment also reflects the degree of diversification benefit the entity includes when determining the compensation it requires for bearing that risk. The Company will apply judgement to determine the appropriate risk adjustment according to the insurance contracts with non-financial risk. A confidence level of 75th percentile using actuarial method is expected based on initial assessment. The risk adjustment is based on the valuation methodology which is known as provision for adverse deviation. The Company has adopted the Value-at-Risk approach as it is more practical to leverage on the approach and is consistent with the market approach used to determine the risk margin under the local statutory basis. Since the Company is using PAA for all its groups of contracts, risk adjustment is explicitly needed only for liabilities for incurred claims ("LIC").

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

(ix) Future cash flows

The estimated future cash flows ("EFCF") are allocated by annual cohort based on underwriting year and by profitability groupings. The estimates of future cash flows are based on the explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows less inflows that will arise as the reporting entity fulfils the insurance contract. However, for groups of contracts measured using PAA, only the LIC cash flows are required to be estimated, unless the PAA group of contracts are onerous. Only cash flows that are directly attributable to fulfilment of insurance contracts are included in the contract boundary, for example, claim handling costs (i.e. the costs the Company will incur in investigating, processing and resolving claims under existing insurance contracts, such as legal and loss-adjusters' fees and internal costs of investigating claims and processing claim payments).

(x) Discounting rates applied to the estimate of cash flows

The Company adopts the bottom-up approach to estimate HKFRS17 discount rates. The risk-free rates are derived based on European Insurance And Occupational Pensions Authority ("EIOPA"), which are comprehensive and standardized. It provides consistency in the valuation process.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(xi) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts under a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio under a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than HKFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

- a. recognise an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- b. if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(xii) Presentation and disclosure

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts. The Company disaggregates amounts recognised in the statement of profit and loss into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- a. Portfolios of insurance contracts issued that are assets
- b. Portfolios of insurance contracts issued that are liabilities
- c. Portfolios of reinsurance contracts held that are assets
- d. Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition of the groups of contracts in accordance with the HKFRS 17 requirements.

HKFRS 17 requires separate presentation of:

- a. Insurance revenue
- b. Insurance service expenses
- c. Insurance finance income or expenses
- d. Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- a. Amounts recognised in its financial statements from insurance contracts
- b. Significant judgements, and changes in those judgements, when applying the standard

(xiii) Insurance revenue

Insurance revenue for each period is the amount of expected premium receipt for coverage period. The Company allocates the expected premium receipts to each period on the passage of time.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(xiv) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred:

- Incurred claims and other insurance service expenses.
- Amortisation of insurance acquisition cash flows.
- Losses on onerous contracts.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

(xv) Net income or expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- For changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

(xvi) Insurance finance income and expenses

Changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are presented as insurance finance income and expenses. The Company presents insurance finance income or expenses in profit or loss.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial asset

The Company classifies its financial assets into the following categories: at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income. The classification depends on the nature and the business model in which financial assets are managed and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or conversion in the market place.

(1) Equity investment

An investment in equity securities is classified as fair value through profit or loss ("FVTPL") unless the equity investment is not held for trading purposes and on initial recognition of the investment the Company makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other investment income (see note 6).

(2) Non-equity investment

Non-equity investments are classified as FVTPL when the contractual cash flows of the investment do not represent solely payments of principal and interest. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

If the contractual cash flows of the non-equity investments represent solely payments of principal and interest, the investment would be classified as amortised cost, as the Company does not invest in such instruments other than principally to collect those contractual cash flows. Interest income calculated using the effective interest method (see note 1(e)(i)(4)) and foreign exchange gain and losses are recognised in profit or loss. A loss allowance would be recognised with reference to credit losses expected to arise on the instrument, discounted if the effect would be material, and taking into account whether the credit risk of the instrument had increased significantly since initial recognition. Any gain or loss on derecognition is recognised in profit or loss.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(3) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(4) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset to the gross carrying amount of the financial asset.

Interest income is recognised on an effective interest basis.

(5) Credit loss and impairment of assets

Credit losses from financial instruments

The Company recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale); and
- debt securities measured at FVOCI (recycling).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, other receivables and deposit: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Initial recognition and measurement

Financial liabilities within the scope of HKFRS 9 are classified as financial liabilities at fair value through profit or loss and at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities include other payables which are subsequently measured at amortised cost, using the effective interest method.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the amortised cost on initial recognition.

Interest expense is recognised on an effective interest basis.

(f) Property, plant and equipment

The following items of property, plant and equipment, including right-of-use assets arising from leases of underlying equipment (see note 1(h)), are stated in the statement of financial position at cost less accumulated depreciation and impairment losses:

- land and buildings; and
- other items of office equipment, furniture, fixtures and fittings, and computer equipment.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Land and buildings are depreciated over the shorter of the unexpired term of lease and their estimated useful lives
- Office equipment, furniture, fixtures and fittings 5 years
- Computer equipment 3 - 5 years
- Equipment leased for own use is depreciated over the shorter of the term of the lease, or its estimated useful life

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(e)(i)(5)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(e)(i)(5)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- System development costs	5 years
- Website and mobile app costs	5 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite.

Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Leased assets

At inception of a contract, the Company assesses whether the 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. Control is conveyed where the Company has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease components and non-lease components, the Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(e)(i)(5)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(m)(iv).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) *Employee benefits*

(i) Short term employee benefits and contributions to defined retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and other defined contribution retirement plan, are recognised as an expense when employees have rendered services entitling to the contributions.

(k) *Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Provisions and contingent liabilities

Provisions are recognised when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(m) Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Insurance revenue

The accounting policies for the recognition of insurance revenue are disclosed in note 1(d)(xiii).

(ii) Dividend

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(v) Agency commission income

Agency commission income is recognised point in time when the service is rendered, after deduction of any discounts.

(vi) Management fee income

Management fee income is recognised when strategic advice on direction setting, planning and implementation of the strategic planning are provided.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) *Translation of foreign currencies*

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(o) *Related parties*

- (1) A person, or a close member of that person's family, is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Company's parent.
- (2) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities 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 Company or an entity related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (1);
 - (vii) A person identified in (1)(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);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Assumptions that used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Significant assumptions used are discussed below and in note 1(d).

(ii) Discount rates

The liabilities for incurred claims are discounted for the time value of money. The Company determines the discount rate using the bottom-up approach. Risk-free discount rates are determined by the Company. The risk-free rates are derived based on EIOPA.

The risk-free rates that have been used to discount estimates of future cash flows to fulfil insurance contracts are as follows:

	Currency	As at 30 June 2025				As at 30 June 2024			
		1 year	5 year	10 year	15 year	1 year	5 year	10 year	15 year
All lines of business	HKD	<u>2.218%</u>	<u>2.318%</u>	<u>2.624%</u>	<u>2.818%</u>	<u>4.306%</u>	<u>3.454%</u>	<u>3.337%</u>	<u>3.426%</u>

3 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company is principally engaged in the underwriting of general insurance business in Hong Kong. The Company's management of insurance and financial risk is a critical aspect of the business. Such risks may relate to property, liability, goods in transit, pecuniary loss or other perils that may arise from an insurable event. The Company also has exposure to market risk through its insurance and investment activities.

(a) *Insurance risk management*

(i) Risk management objectives and policies for mitigating insurance risk

Insurance risks are managed through underwriting limits, approval procedures for transactions that exceed set limits, pricing guidelines, reinsurance management and monitoring of emerging business.

The principal risk is that the frequency or severity of claims is greater than expected. In addition, for some contracts, there is uncertainty about the timing of insured events. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

(ii) Underwriting strategy

The Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

The underwriting strategy is set out in an annual business plan that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. Most of the general insurance contracts are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Reinsurance strategy

The Company reinsures a portion of the risks it underwrites in order to diversify its exposures to losses and to harmonise its net retention exposure to avoid any significant adverse impact to its financial performance which may be caused by single or multiple catastrophic losses. The reinsurance protections are chosen after careful consideration of reinsurers' reputation and creditworthiness.

(iv) Asset and liability matching

A key aspect in the management of the Company's insurance risk is through matching the timing of cash flows from assets and liabilities.

The Company actively manages its assets using an approach that balances quality, diversification, liquidity and investment return. The goal of the investment process is to maximise investment returns at a tolerable risk level, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

(v) Nature of risk covered

The principal insurance risks written by the Company are accident and health, goods in transit, general liability, property damage and pecuniary loss.

(vi) Claims development

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Company. The tables below compare the claims paid on an accident year basis with the provisions established for these claims. The top part of the table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year-ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. The lower part of the table provides a reconciliation of the total liabilities included in the statement of financial position and the estimate of cumulative claims.

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below illustrates how estimates of cumulative claims for the Company has developed over time on a gross and net of reinsurance basis. Each table shows how the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. The Company believes that the estimate of total claims outstanding at 30 June 2025 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Claims development of the Company as at 30 June 2025 are as disclosed below:

Analysis of claims development - gross of reinsurance

	Accident year						Total '000
	2020 '000	2021 '000	2022 '000	2023 '000	2024 '000	2025 '000	
Estimate of cumulative ultimate claims cost							
At end of accident year	\$ 153,132	\$ 110,662	\$ 136,585	\$ 131,492	\$ 243,070	\$ 145,106	
One year later	123,679	78,704	107,505	105,148	193,346	-	
Two years later	120,373	78,693	104,543	103,134	-	-	
Three years later	119,213	75,022	100,208	-	-	-	
Four years later	113,119	74,410	-	-	-	-	
Five years later	110,012	-	-	-	-	-	
2025	110,012	74,410	100,208	103,134	193,346	145,106	726,216
Estimate of cumulative claims and other directly attributable expenses paid	\$ (107,013)	\$ (66,562)	\$ (86,303)	\$ (85,276)	\$ (121,528)	\$ (29,329)	\$ (496,011)
Gross claims liabilities – accident years from 2020 to 2025	\$ 2,999	\$ 7,848	\$ 13,905	\$ 17,858	\$ 71,818	\$ 115,777	\$ 230,205
Provision for accident years prior to 2019							8,616
Effect of discounting							(9,081)
Total gross liabilities for incurred claims included in the statement of financial position (note 15)							\$ 229,740

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Analysis of claims development - net of reinsurance

	Accident year						Total '000
	2020 '000	2021 '000	2022 '000	2023 '000	2024 '000	2025 '000	
Estimate of cumulative ultimate claims cost							
At end of accident year	\$ 50,966	\$ 42,352	\$ 49,698	\$ 53,339	\$ 67,617	\$ 65,379	
One year later	36,428	25,909	34,824	33,372	45,854	-	
Two years later	35,464	28,590	34,537	32,809	-	-	
Three years later	35,035	27,722	36,400	-	-	-	
Four years later	34,079	24,239	-	-	-	-	
Five years later	34,023	-	-	-	-	-	
2025	34,023	24,239	36,400	32,809	45,854	65,379	238,704
Cumulative net claims and other directly attributable expenses paid	\$ (33,324)	\$ (22,893)	\$ (32,233)	\$ (27,413)	\$ (33,617)	\$ (37,502)	\$ (186,982)
Net claims liabilities - accident years from 2020 to 2025	\$ 699	\$ 1,346	\$ 4,167	\$ 5,396	\$ 12,237	\$ 27,877	\$ 51,722
Provision for accident years prior to 2019							2,559
Effect of discounting							(2,254)
Net liabilities for incurred claims included in the statement of financial position (note 15)							\$ 52,027

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Claims development of the Company as at 30 June 2024 are as disclosed below:

Analysis of claims development - gross of reinsurance

	Accident year						Total '000
	2019 '000	2020 '000	2021 '000	2022 '000	2023 '000	2024 '000	
Estimate of cumulative ultimate claims cost							
At end of accident year	\$ 261,909	\$ 153,132	\$ 110,662	\$ 136,585	\$ 131,492	\$ 243,070	
One year later	222,963	123,679	78,704	107,505	105,148	-	
Two years later	223,096	120,373	78,693	104,543	-	-	
Three years later	224,620	119,213	75,022	-	-	-	
Four years later	223,011	113,119	-	-	-	-	
Five years later	220,920	-	-	-	-	-	
2024	220,920	113,119	75,022	104,543	105,148	243,070	861,822
Estimate of cumulative claims and other directly attributable expenses paid	\$ (214,509)	\$ (105,907)	\$ (64,810)	\$ (80,658)	\$ (65,771)	\$ (47,381)	\$ (579,036)
Gross claims liabilities - accident years from 2019 to 2024	\$ 6,411	\$ 7,212	\$ 10,212	\$ 23,885	\$ 39,377	\$ 195,689	\$ 282,786
Provision for accident years prior to 2018							7,231
Effect of discounting							(15,953)
Total gross liabilities for incurred claims included in the statement of financial position (note 15)							\$ 274,064

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Analysis of claims development - net of reinsurance

	Accident year						Total '000
	2019 '000	2020 '000	2021 '000	2022 '000	2023 '000	2024 '000	
Estimate of cumulative ultimate claims cost							
At end of accident year	\$ 52,412	\$ 50,966	\$ 42,352	\$ 49,698	\$ 53,339	\$ 67,617	
One year later	38,854	36,428	25,909	34,824	33,372	-	
Two years later	39,078	35,464	28,590	34,537	-	-	
Three years later	39,517	35,035	27,722	-	-	-	
Four years later	39,166	34,079	-	-	-	-	
Five years later	39,444	-	-	-	-	-	
2024	39,444	34,079	27,722	34,537	33,372	67,617	236,771
Cumulative net claims and other directly attributable expenses paid	\$ (38,666)	\$ (33,171)	\$ (22,624)	\$ (31,037)	\$ (24,148)	\$ (50,772)	\$ (200,418)
Net claims liabilities - accident years from 2019 to 2024	\$ 778	\$ 908	\$ 5,098	\$ 3,500	\$ 9,224	\$ 16,845	\$ 36,353
Provision for accident years prior to 2018							1,680
Effect of discounting							(3,956)
Net liabilities for incurred claims included in the statement of financial position (note 15)							\$ 34,077

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Concentration of insurance risks

Concentration of risk arises from the accumulation of risks within a particular business line. Such concentrations may arise from the occurrence of a catastrophe affecting a number of insurance contracts in the same event or incident. The Company underwrites risk mainly in Hong Kong. The majority of property and liability risks covered by the Company are located in Hong Kong. Goods in transit and personal accident businesses cover risks worldwide.

The Company's key methods in managing these risks are diversification of the business line by a balanced mix and through reinsurance coverage.

(b) **Financial risk management**

The Company is exposed to financial risks through its reinsurance assets and other financial assets. These financial risks include market risk, credit risk and liquidity risk. Each of these risks is described below, together with a summary of the ways in which the Company manages these risks.

(i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates. In managing interest rate and foreign currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, permanent changes in foreign exchange rates and interest rates would have an impact on the Company's earnings.

Interest rate risk

The Company's exposure to changes in interest rates is concentrated in the asset portfolio. The effective interest rates at the end of the reporting period for the Company's interest-bearing assets are summarised below:

	2025	2024
Cash and cash equivalents	1.48%	2.47%
Financial asset at fair value through profit or loss		
Debt securities	<u>4.71%</u>	<u>5.69%</u>

At 30 June 2025, the Company held interest-bearing assets of \$250,681,763 (2024: \$180,720,492). It is estimated that a general decrease/increase of 100 basis points (2024: 100 basis points) in interest rates would decrease/increase the Company's profit after tax and total equity by approximately \$7.6 million (2024: \$1.8 million) so far as the effect on interest bearing financial instruments is concerned. The Company does not hold any significant interest-bearing liabilities.

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

The portfolio of marketable equity securities which the Company carries on the statement of financial position at fair value, has exposure to price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices. The Company's objective is to earn competitive returns by investing in a diversified portfolio of high quality and liquid securities. The Company's holding is diversified across different Asian countries and companies.

At 30 June 2025, the Company's marketable equity securities were recorded at their fair value of \$95,387,500 (2024: \$108,977,349). A hypothetical 5% (2024: 5%) decline in each stock's price would have resulted in a \$4.0 million (2024: \$4.5 million) decrease in the Company's profit after tax and retained profits and no impact (2024: Nil) in the Company's other components of equity.

Foreign exchange risk

The Company's main currency exposures are United States dollars. As HKD is pegged to USD, the Company does not expect any significant movement in the USD/HKD exchange rate. The Company's policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to reduce exposure to foreign exchange risk.

Currency exposure to the overseas investments is managed primarily at the parent group level with the principal objective of ensuring that the Company's reserves are protected from exchange rate fluctuations. All foreign currency positions are tightly managed and monitored within approved limits.

(ii) Credit risk

Credit risk primarily arises from the Company's bank balances and financial assets at fair value through profit or loss.

To reduce the credit risk associated with the amounts due from reinsurers, the Company takes into account, among other factors, ratings and evaluation performed by recognised credit rating agencies, their claims payment and underwriting track record, as well as the Company's past transaction experience with them. The Company also spreads out the credit risk by reinsuring with a number of reinsurers subject to the approved list of reinsurers. In respect of bank balances, all of them are maintained with authorised institutions in Hong Kong, Malaysia and Singapore. Management reviews the credit ratings of these authorised institutions periodically.

At the end of the reporting period, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's exposure to credit risk relating to its financial assets are summarised below:

	<i>Financial strength rating</i>		<i>Not rated</i>	<i>Total</i>
	<i>Grade</i>			
	(AAA to A)	(BBB to B)		
	\$	\$	\$	\$
2025				
Financial assets at fair value through profit or loss – debt securities	40,224,585	20,823,561	-	61,048,146
Other receivables, deposits and prepayments	-	-	23,742,138	23,742,138
Reinsurance contract assets	99,358,803	2,826,021	18,347,604	120,532,428
Cash and cash equivalents	224,813,007	-	3,828	224,816,835
Total assets bearing credit risk	364,396,395	23,649,582	42,093,570	430,139,547
2024				
Financial assets at fair value through profit or loss – debt securities	23,354,107	20,057,796	-	43,411,903
Other receivables, deposits and prepayments	-	-	7,712,219	7,712,219
Reinsurance contract assets	154,103,516	5,725,332	40,510,395	200,339,243
Cash and cash equivalents	210,253,633	-	3,682	210,257,315
Total assets bearing credit risk	387,711,256	25,783,128	48,226,296	461,720,680

(iii) Liquidity risk

An important aspect of the Company's management of assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. The Company maintains cash and liquid deposits to meet these demands on a daily basis. 37% (2024: 32%) of the Company's assets are holdings in cash and cash equivalents that are readily realisable.

The following table details the Company's maturity analysis of its estimation of the present value of the future cash flows by estimated timing arising from insurance contract liabilities and reinsurance contract assets (the liabilities for remaining coverage for insurance contracts issued and the assets for remaining coverage for reinsurance contracts held measured under the PAA are not included in the tables).

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Analysed by expected cashflow:

	Total HK\$	<1 year HK\$	1 - 2 years HK\$	2 - 3 years HK\$	3 - 4 years HK\$	4 - 5 years HK\$	Over 5 years HK\$
At 30 June 2025							
Insurance contract liabilities - LIC	203,069,234	75,419,545	56,502,094	36,167,599	17,854,671	10,510,385	6,614,940
Reinsurance contract assets - AIC	(158,804,603)	(65,851,698)	(43,264,751)	(26,473,166)	(10,171,703)	(5,557,086)	(7,486,199)
Total insurance contract balance	44,264,631	9,567,847	13,237,343	9,694,433	7,682,968	4,953,299	(871,259)
At 30 June 2024							
Insurance contract liabilities - LIC	274,064,411	121,079,133	121,892,470	18,035,851	7,612,069	3,023,040	2,421,848
Reinsurance contract assets - AIC	(239,986,754)	(123,223,114)	(96,238,798)	(12,579,910)	(4,684,471)	(1,709,184)	(1,551,277)
Total insurance contract balance	34,077,657	(2,143,981)	25,653,672	5,455,941	2,927,598	1,313,856	870,571

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

	<i>Total contractual undiscounted cash flow</i>	<i>Within 1 year or on demand</i>	<i>After 1 year to 5 years</i>	<i>Carrying amount at 30 June</i>
At 30 June 2025				
<i>Financial liabilities</i>				
Other payables	\$ 17,680,398	\$ 17,680,398	\$ -	\$ 17,680,398
Lease liabilities	435,000	180,000	255,000	405,841
At 30 June 2024				
<i>Financial liabilities</i>				
Other payables	\$ 17,395,498	\$ 17,395,498	\$ -	\$ 17,395,498
Lease liabilities	615,000	180,000	435,000	558,329

(iv) Fair value of financial assets and liabilities

The following table presents the fair value of the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

During the years ended 30 June 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

At 30 June 2025

	<i>Fair value measurements categorised into</i>			<i>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Financial assets at fair value through profit or loss				
- listed equity securities	\$ 95,387,500	\$ -	\$ -	\$ 95,387,500
- listed debt securities	61,048,146	-	-	61,048,146
	<u>\$ 156,435,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,435,646</u>

At 30 June 2024

	<i>Fair value measurements categorised into</i>			<i>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Financial assets at fair value through profit or loss				
- listed equity securities	\$ 108,977,349	\$ -	\$ -	\$ 108,977,349
- listed debt securities	43,411,903	-	-	43,411,903
	<u>\$ 152,389,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,389,252</u>

4 INSURANCE REVENUE AND INSURANCE SERVICE RESULT

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held for 2025 and 2024 is included in the following tables. Additional information on amounts recognised in the statement of profit or loss and other comprehensive income is included in the insurance contract balances reconciliations in note 15.

	2025	2024
Insurance revenue	<u>\$ 306,787,081</u>	<u>\$ 283,733,558</u>
Insurance service expenses		
Incurred claims and other directly attributable expenses	\$(178,919,080)	\$(210,113,540)
Changes that relate to past service – changes in the FCF relating to the LIC	68,238,045	33,442,992
Losses on onerous contracts and reversal of those losses	1,665,018	(786,053)
Amortisation of insurance acquisition cash flows	(76,497,647)	(77,053,154)
Impairment losses on assets for insurance acquisition cash flows	<u>(1,770,649)</u>	<u>-</u>
	<u>\$(187,284,313)</u>	<u>\$(254,509,755)</u>
Insurance service result before reinsurance contracts held	<u>\$ 119,502,768</u>	<u>\$ 29,223,803</u>
Allocation of reinsurance premiums paid	\$(133,260,198)	\$(119,074,179)
Incurred claims recovery	133,082,453	141,436,319
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(82,147,825)	(18,442,619)
Income on initial recognition and reversal of loss recovery component of onerous underlying contracts	<u>(490,320)</u>	<u>198,884</u>
Total net (expense)/income from reinsurance contracts held	<u>\$ (82,815,890)</u>	<u>\$ 4,118,405</u>
Total insurance service result	<u>\$ 36,686,878</u>	<u>\$ 33,342,208</u>

5 INSURANCE FINANCE INCOME OR EXPENSES

	2025	2024
Interest accreted	\$ (14,692,852)	\$ (13,137,081)
Finance expenses from insurance contracts issued	\$ (14,692,852)	\$ (13,137,081)
Interest accreted	\$ 11,574,618	\$ 10,257,524
Finance income from reinsurance contracts held	\$ 11,574,618	\$ 10,257,524
Net insurance finance expenses	\$ (3,118,234)	\$ (2,879,557)

6 INVESTMENT INCOME

	2025	2024
Interest revenue calculated using effective interest method		
Interest income on bank deposit	\$ 2,912,319	\$ 3,711,164
Other investment income/(expenses)		
Interest income on fixed income securities	\$ 2,582,758	\$ 194,613
Dividend income from listed equity securities	7,549,132	6,424,523
Net realised losses on disposals of listed securities	(4,059,134)	(11,711,086)
Net unrealised gains on listed securities	38,424,505	6,313,773
	\$ 44,497,261	\$ 1,221,823

9 INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit or loss and other comprehensive income represents:

	2025	2024
Current tax – Hong Kong Profits Tax		
Provision for the year	\$ 7,190,338	\$ 543,544
(Over)/under-provision in respect of prior years	<u>(20,000)</u>	<u>79,890</u>
	\$ 7,170,338	\$ 623,434
Current tax – Withholding Tax	604,392	501,508
Deferred tax		
Origination and reversal of temporary differences	<u>(2,592,020)</u>	<u>601,636</u>
	<u>\$ 5,182,710</u>	<u>\$ 1,726,578</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at applicable tax rate (2024: applicable tax rates) of the estimated assessable profits for the year.

Previously, Hong Kong had a concessionary tax regime whereby a profits tax rate of 8.25% was available to authorized captive insurance business and reinsurance business of professional reinsurers in Hong Kong. Effective from 19 March 2021, the new rules extend the concessionary tax regime to certain qualifying insurance-related businesses.

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2025	2024
Profit before tax	<u>\$ 62,809,992</u>	<u>\$ 20,550,967</u>
Notional tax on profit before tax, calculated at 16.5% (2024: 16.5%):	\$ 10,363,649	\$ 3,390,910
Tax effect of qualifying business calculated at concessionary rate of 8.25% (2024: 8.25%)	(5,425,905)	(2,046,622)
Tax effect of non-taxable income	(1,094,557)	(1,586,201)
Tax effect of non-deductible expenses	946	564,544
(Over)/Under-provision in respect of prior year	(20,000)	79,890
Withholding tax	604,392	501,508
Tax effect due to change in tax basis	2,702,819	-
Recognition of temporary difference previously not recognised	(2,377,948)	-
Temporary difference not recognised	258,100	822,549
Other	<u>171,214</u>	<u>-</u>
Actual tax expense	<u>\$ 5,182,710</u>	<u>\$ 1,726,578</u>

10 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2025	2024
Directors' fees	\$ 177,083	\$ 140,000
Salaries, allowances and benefits in kind	407,125	428,428
Discretionary bonuses	30,000	30,000
	<u>\$ 614,208</u>	<u>\$ 598,428</u>

11 DIVIDEND

(a) Dividend payable to equity shareholders of the Company attributable to the year:

	2025	2024
Interim dividend declared and paid of HK\$63 per ordinary share (2024: Nil)	<u>\$ 31,500,000</u>	<u>\$ -</u>

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Office equipment, furniture, fixtures and fittings	Computer equipment	Equipment leased for own use	Total
Cost:					
At 1 July 2024	\$ 119,458,183	\$ 5,583,571	\$ 39,287,026	\$ 782,925	\$ 165,111,705
Additions	-	49,500	517,899	-	567,399
Disposals	-	-	(15,500)	-	(15,500)
At 30 June 2025	<u>\$ 119,458,183</u>	<u>\$ 5,633,071</u>	<u>\$ 39,789,425</u>	<u>\$ 782,925</u>	<u>\$ 165,663,604</u>
Accumulated depreciation:					
At 1 July 2024	\$ 34,443,776	\$ 5,382,437	\$ 36,349,026	\$ 247,931	\$ 76,423,170
Charge for the year	2,389,164	88,382	1,250,042	156,588	3,884,176
Written back on disposals	-	-	(14,695)	-	(14,695)
At 30 June 2025	<u>\$ 36,832,940</u>	<u>\$ 5,470,819</u>	<u>\$ 37,584,373</u>	<u>\$ 404,519</u>	<u>\$ 80,292,651</u>
Net book value:					
At 30 June 2025	<u>\$ 82,625,243</u>	<u>\$ 162,252</u>	<u>\$ 2,205,052</u>	<u>\$ 378,406</u>	<u>\$ 85,370,953</u>

	Land and buildings	Office equipment, furniture, fixtures and fittings	Computer equipment	Equipment leased for own use	Total
Cost:					
At 1 July 2023	\$ 119,458,183	\$ 5,539,663	\$ 37,800,074	\$ 782,925	\$ 163,580,845
Additions	-	53,760	1,486,952	-	1,540,712
Disposals	-	(9,852)	-	-	(9,852)
At 30 June 2024	<u>\$ 119,458,183</u>	<u>\$ 5,583,571</u>	<u>\$ 39,287,026</u>	<u>\$ 782,925</u>	<u>\$ 165,111,705</u>
Accumulated depreciation:					
At 1 July 2023	\$ 32,054,613	\$ 5,278,313	\$ 34,729,404	\$ 91,343	\$ 72,153,673
Charge for the year	2,389,163	113,976	1,619,622	156,588	4,279,349
Written back on disposals	-	(9,852)	-	-	(9,852)
At 30 June 2024	<u>\$ 34,443,776</u>	<u>\$ 5,382,437</u>	<u>\$ 36,349,026</u>	<u>\$ 247,931</u>	<u>\$ 76,423,170</u>
Net book value:					
At 30 June 2024	<u>\$ 85,014,407</u>	<u>\$ 201,134</u>	<u>\$ 2,938,000</u>	<u>\$ 534,994</u>	<u>\$ 88,688,535</u>

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The land and buildings are situated on a leasehold land under a long-term lease in Hong Kong. The valuation was carried out by an independent firm of surveyors, CHFT Advisory and Appraisal Ltd., which has staff with recent experience in valuing buildings in the same location and category as the Company's land and buildings. The fair value assessed as at 30 June 2025 was HK\$202,000,000 (2024: HK\$222,000,000).

The Company leases out part of its land and buildings under operating lease. The lease runs for an initial period of two years, with an option to renew the lease after that date at which time all terms are renegotiated. The carrying amount and fair value of the leased-out portion as at 30 June 2025 were HK\$22,309,000 (2024: HK\$22,954,000) and HK\$54,540,000 (2024: HK\$59,940,000). The lease does not include contingent rentals.

The Company's total future minimum lease payments to be received under non-cancellable operating leases are receivable as follows:

	2025	2024
Within 1 year	\$ 1,483,350	\$ 1,550,775
After 1 year but within 5 years	404,550	1,887,900
	<u>\$ 1,887,900</u>	<u>\$ 3,438,675</u>

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025	2024
Equipment leased for own use	<u>\$ 378,406</u>	<u>\$ 534,994</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025	2024
Depreciation charge of equipment leased for own use	<u>\$ 156,588</u>	<u>\$ 156,588</u>
Interest expenses on lease liabilities	<u>\$ 27,513</u>	<u>\$ 35,837</u>

During the year, there were no additions of right-of-use assets (2024: Nil). The lease expires in 3 years.

13 INTANGIBLE ASSETS

	<i>Website and mobile app costs</i>	<i>System development costs</i>	<i>Total</i>
Cost:			
At 1 July 2024	\$ 4,056,665	\$ 9,854,209	\$ 13,910,874
Additions	-	185,883	185,883
	<u>4,056,665</u>	<u>10,040,092</u>	<u>14,096,757</u>
As 30 June 2025	<u>\$ 4,056,665</u>	<u>\$ 10,040,092</u>	<u>\$ 14,096,757</u>
Accumulated amortisation:			
At 1 July 2024	\$ 4,020,022	\$ 6,744,868	\$ 10,764,890
Charge for the year	36,643	855,374	892,017
	<u>4,056,665</u>	<u>7,600,242</u>	<u>11,656,907</u>
At 30 June 2025	<u>\$ 4,056,665</u>	<u>\$ 7,600,242</u>	<u>\$ 11,656,907</u>
Net book value:			
At 30 June 2025	<u>\$ -</u>	<u>\$ 2,439,850</u>	<u>\$ 2,439,850</u>

	<i>Website and mobile app costs</i>	<i>System development costs</i>	<i>Total</i>
Cost:			
At 1 July 2023	\$ 4,056,665	\$ 6,119,532	\$ 10,176,197
Additions	-	3,734,677	3,734,677
	<u>4,056,665</u>	<u>9,854,209</u>	<u>13,910,874</u>
As 30 June 2024	<u>\$ 4,056,665</u>	<u>\$ 9,854,209</u>	<u>\$ 13,910,874</u>
Accumulated amortisation:			
At 1 July 2023	\$ 3,510,442	\$ 5,901,716	\$ 9,412,158
Charge for the year	509,580	843,152	1,352,732
	<u>4,020,022</u>	<u>6,744,868</u>	<u>10,764,890</u>
At 30 June 2024	<u>\$ 4,020,022</u>	<u>\$ 6,744,868</u>	<u>\$ 10,764,890</u>
Net book value:			
At 30 June 2024	<u>\$ 36,643</u>	<u>\$ 3,109,341</u>	<u>\$ 3,145,984</u>

14 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE

	2025	2024
Financial assets at fair value through profit or loss		
Listed equity securities		
- in Hong Kong	\$ 95,387,500	\$ 108,977,349
Listed debt securities		
- outside Hong Kong	<u>61,048,146</u>	<u>43,411,903</u>
Total	<u>\$ 156,435,646</u>	<u>\$ 152,389,252</u>
Market value of listed securities	<u>\$ 156,435,646</u>	<u>\$ 152,389,252</u>
Fair value of securities	<u>\$ 156,435,646</u>	<u>\$ 152,389,252</u>

Fair value of listed securities are based on quoted bid prices from brokers or stock exchanges when available.

15 INSURANCE AND REINSURANCE CONTRACTS

	2025	2024
Insurance contracts		
Insurance contract liabilities		
- Insurance contract balances	\$ 269,242,290	\$ 308,439,483
- Assets for insurance acquisition cash flows	<u>(7,503,175)</u>	<u>(5,580,223)</u>
	<u>\$ 261,739,115</u>	<u>\$ 302,859,260</u>
Reinsurance contracts		
Reinsurance contract assets	<u>\$(120,532,428)</u>	<u>\$(200,339,243)</u>
Reinsurance contract liabilities	<u>\$ 3,530,731</u>	<u>\$ 42,463,297</u>

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims - Insurance contracts issued (under PAA measurement)

	2025				2024				
	Liabilities for remaining coverage	Liabilities for incurred claims	Present value of future cash flows	Risk adjustment for non-financial risk	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued (in HK\$)</i>									
Opening insurance contract assets									
Opening insurance contract liabilities	32,694,282	1,680,790	237,232,356	36,832,065	31,632,885	817,070	183,995,073	27,798,067	244,243,095
Net opening insurance contract liabilities	32,694,282	1,680,790	237,232,356	36,832,065	31,632,885	817,070	183,995,073	27,798,067	244,243,095
Insurance revenue	(306,787,081)	-	-	-	(283,733,558)	-	-	-	(283,733,558)
Insurance service expenses									
Incurred claims and other directly attributable expenses	-	-	161,081,778	17,837,302	-	-	181,956,084	28,157,456	210,113,540
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	(38,263,062)	(29,974,983)	-	-	(12,484,122)	(20,958,870)	(33,442,992)
Losses on onerous contracts and reversal of those losses	76,497,647	(1,665,018)	-	-	76,497,647	786,053	-	-	786,053
Insurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	77,053,154
Insurance service expenses	76,497,647	(1,665,018)	122,818,716	(12,137,681)	77,053,154	786,053	169,471,962	7,198,586	254,509,755
Insurance service result	(230,289,434)	(1,665,018)	122,818,716	(12,137,681)	(206,660,404)	786,053	169,471,962	7,198,586	(29,223,803)
Finance expenses/(income) from insurance contracts issued	-	69,555	12,647,339	1,975,958	-	77,667	11,224,012	1,835,402	13,137,081
Total amounts recognised in profit and loss	(230,289,434)	(1,595,463)	135,466,055	(10,161,723)	(206,660,404)	863,720	180,695,974	9,033,988	(16,086,722)
Cash flows									
Premiums received	311,683,899	-	-	-	287,617,223	-	-	-	287,617,223
Claims and other directly attributable expenses paid	-	-	(169,629,177)	-	-	-	(127,458,691)	-	(127,458,691)
Insurance acquisition cash flows	(74,671,350)	-	-	-	(79,875,422)	-	-	-	(79,875,422)
Total cash flows	237,012,549	-	(169,629,177)	-	207,741,801	-	(127,458,691)	-	80,283,110
Closing insurance contract assets									
Closing insurance contract liabilities	39,417,397	85,327	203,069,234	26,670,332	32,694,282	1,680,790	237,232,356	36,832,055	308,439,483
Net insurance contract liabilities	39,417,397	85,327	203,069,234	26,670,332	32,694,282	1,680,790	237,232,356	36,832,055	308,439,483

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reconciliation of the assets for remaining coverage and the assets for incurred claims - Reinsurance contracts held (under PAA measurement)

	2025					2024					
	Assets for remaining coverage		Assets for incurred claims		Risk adjustment for non-financial risk	Assets for remaining coverage		Assets for incurred claims		Risk adjustment for non-financial risk	Total
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Present value of future cash flows		Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Present value of future cash flows		
Reinsurance contracts held (in HK\$)											
Opening reinsurance contract assets	4,862,402	(366,505)	(180,645,220)	(24,189,920)	(200,339,243)	41,530,721	(153,283,657)	(17,328,908)	(129,209,661)		(129,209,661)
Opening reinsurance contract liabilities	77,614,911	-	(30,621,969)	(4,529,645)	42,463,297	50,126,721	(19,879,405)	(2,514,696)	27,732,620		27,732,620
Net opening reinsurance contract assets	82,477,313	(366,505)	(211,267,189)	(28,719,565)	(157,875,946)	91,657,442	(173,163,062)	(19,843,604)	(101,477,041)		(101,477,041)
Allocation of reinsurance premiums paid	133,260,198	-	-	-	133,260,198	119,074,179	-	-	119,074,179		119,074,179
Amounts recoverable from reinsurers											
Incurred claims recovery (current service) changes that relate to past service - changes in the FCF relating to incurred claims recovery and incurred directly attributable expenses	-	-	(119,030,124)	(14,052,329)	(133,082,453)	-	(120,648,353)	(20,787,966)	(141,436,319)		(141,436,319)
Income on initial recognition and reversal of loss recovery component of onerous underlying contracts	-	-	56,829,678	25,318,147	82,147,825	-	5,186,184	13,256,435	18,442,619		(198,884)
Investment components and premium refunds	-	490,320	-	-	490,320	-	(198,884)	-	(198,884)		(198,884)
Net (income)/expenses from reinsurance contracts held	9,079,650	490,320	(62,200,446)	11,265,818	(50,444,308)	-	(115,462,169)	(7,531,531)	(123,192,584)		(123,192,584)
Net finance (income)/expenses from reinsurance contracts held	142,339,848	490,320	(71,280,096)	11,265,818	82,815,890	129,438,744	(125,826,734)	(7,531,531)	(4,118,405)		(4,118,405)
Net finance (income)/expenses from reinsurance contracts held	-	(143,384)	(9,976,909)	(1,454,325)	(11,574,618)	-	(8,873,290)	(1,344,430)	(10,257,524)		(10,257,524)
Total amounts recognised in profit and loss	142,339,848	346,936	(81,257,005)	9,811,493	71,241,272	129,438,744	(134,700,024)	(8,875,961)	(14,375,929)		(14,375,929)
Cash flows											
Premiums paid net of ceding commissions Recoveries from reinsurance	(164,086,614)	-	133,719,591	-	(164,086,614)	(138,618,873)	96,595,897	-	(138,618,873)		(138,618,873)
Total cash flows	(164,086,614)	-	133,719,591	-	(164,086,614)	(138,618,873)	96,595,897	-	(138,618,873)		(138,618,873)
Closing reinsurance contract assets Closing reinsurance contract liabilities	55,397,940 5,332,607	(19,569)	(157,136,060) (1,668,543)	(18,774,739) (133,333)	(120,532,428) 3,530,731	4,862,402 77,614,911	(180,645,220) (30,621,969)	(24,189,920) (4,529,645)	(200,339,243) 42,463,297		(200,339,243) 42,463,297
Net closing reinsurance contract assets	60,730,547	(19,569)	(158,804,603)	(18,908,072)	(117,001,697)	82,477,313	(211,267,189)	(28,719,565)	(157,875,946)		(157,875,946)

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reconciliation of the assets for insurance acquisition cash flows

At 1 July 2024	\$ 5,580,223
Amounts incurred during the year	78,364,951
Amounts derecognised and included in the measurement of insurance contracts	(74,671,350)
Impairment losses	<u>(1,770,649)</u>
At 30 June 2025	<u>\$ 7,503,175</u>
At 1 July 2023	\$ 7,265,528
Amounts incurred during the year	78,190,117
Amounts derecognised and included in the measurement of insurance contracts	<u>(79,875,422)</u>
At 30 June 2024	<u>\$ 5,580,223</u>

The following table sets out when the Company expects to derecognise assets for insurance acquisition cash flows after the reporting date.

	<i>Within 1 year</i>	<i>After 1 year to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
30 June 2025	<u>\$ 7,503,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,503,175</u>
30 June 2024	<u>\$ 5,580,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,580,223</u>

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a) *Process used to determine the assumptions for measuring insurance contract liabilities and reinsurance contract assets:*

The liability for reported claims is based on circumstances of each individual claim, investigation findings from independent adjusters, legal opinion and historical evidence of the size of the similar claims.

The sources of data used as inputs for the assumptions are typically internal to the Company, using detailed studies that are carried out at least annually. The assumptions are checked to ensure that they are consistent with observable market information or other published information. The Company pays particular attention to current trends. Where in early years there is insufficient information to make a reliable estimate of claims development, prudent assumptions are used.

(b) *Assumptions*

The amounts of liabilities for incurred claims are estimated using a range of statistical methods. Such methods extrapolate the development of paid and incurred claims, average cost per claim and ultimate claim numbers for each accident year based upon observed development of earlier years and expected loss ratios.

(c) *Sensitivity analysis*

The general insurance claims provision is sensitive to the certain key assumptions. The sensitivity of certain assumptions, e.g., legislative change and uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of the delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provision is not known with certainty at the end of the reporting period.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent financial statements.

The table below analyses how the insurance contract liabilities, profit or loss and equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

16 BANK BALANCES AND CASH AND OTHER CASH FLOW INFORMATION

(a) Deposits at bank and cash and cash equivalents comprise:

	2025	2024
Fixed term deposits with banks	\$ 144,507,865	\$ 35,907,403
Cash at bank (savings accounts and current accounts)	80,305,142	174,346,230
Cash on hand	<u>3,828</u>	<u>3,682</u>
Cash and cash equivalents in the statement of financial position and the cash flow statement	<u>\$ 224,816,835</u>	<u>\$ 210,257,315</u>

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	<i>Lease liabilities</i>	
	2025	2024
At 1 July	<u>\$ 558,329</u>	<u>\$ 702,492</u>
Changes from financing cash flows:		
Capital element of lease rentals paid	\$ (152,487)	\$ (144,163)
Interest element of lease rentals paid	<u>(27,513)</u>	<u>(35,837)</u>
Total changes from financing cash flows	<u>\$ (180,000)</u>	<u>\$ (180,000)</u>
Other changes:		
Interest expenses	<u>\$ 27,513</u>	<u>\$ 35,837</u>
At 30 June	<u>\$ 405,842</u>	<u>\$ 558,329</u>

Total cash outflow for leases amounted to HK\$180,000 (2024: HK\$180,000) are included within financing cash flows in the cash flow statement.

17 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the current reporting period:

	30 June 2025		30 June 2024	
	Present value of the lease payments HK\$	Total lease payments HK\$	Present value of the lease payments HK\$	Total lease payments HK\$
Within 1 year	\$ 161,288	\$ 180,000	\$ 152,486	\$ 180,000
After 1 year but within 2 years	\$ 170,597	\$ 180,000	\$ 161,286	\$ 180,000
After 2 years but within 5 years	73,957	75,000	244,557	255,000
	<u>\$ 244,554</u>	<u>\$ 255,000</u>	<u>\$ 405,843</u>	<u>\$ 435,000</u>
	<u>\$ 405,842</u>		<u>\$ 558,329</u>	
Less: total future interest expenses		<u>\$ (29,158)</u>		<u>\$ (56,671)</u>
Present value of lease liabilities		<u>\$ 405,842</u>		<u>\$ 558,329</u>

18 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) *Current taxation in the statement of financial position represents:*

	2025	2024
Provision for Hong Kong Profits Tax for the year	\$ 7,190,338	\$ 543,544
Provision for Hong Kong Profits Tax for prior year	543,544	-
	<u>\$ 7,733,882</u>	<u>\$ 543,544</u>

18 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) *Deferred tax liabilities recognised:*

Movement of each component of deferred tax assets and liabilities

The components of deferred tax liabilities/(assets) recognised in the statement of financial position and the movements during the year are as follows:

	<i>Depreciation allowances in excess of the related depreciation</i>	<i>Amortisation of intangible assets</i>	<i>Tax losses carried forward</i>	<i>Total</i>
Deferred tax arising from:				
At 1 July 2023	\$ 5,887,741	\$ 126,066	\$ (372,861)	\$ 5,640,946
(Credit)/change to profit or loss	(164,246)	393,021	372,861	601,636
At 30 June 2024	<u>\$ 5,723,495</u>	<u>\$ 519,087</u>	<u>\$ -</u>	<u>\$ 6,242,582</u>
At 1 July 2024	\$ 5,723,495	\$ 519,087	\$ -	\$ 6,242,582
Credit to profit or loss	(2,323,476)	(268,544)	-	(2,592,020)
At 30 June 2025	<u>\$ 3,400,019</u>	<u>\$ 250,543</u>	<u>\$ -</u>	<u>\$ 3,650,562</u>

19 SHARE CAPITAL AND RESERVES

(a) *Share capital*

	<u>2025</u>		<u>2024</u>	
	<i>No. of shares</i>	<i>Amount</i>	<i>No. of shares</i>	<i>Amount</i>
Ordinary shares, issued and fully paid:				
At 1 July 2024/2023 and 30 June 2025/2024	<u>500,000</u>	<u>\$ 50,000,000</u>	<u>500,000</u>	<u>\$ 50,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) *Capital management*

Capital comprises total shareholders' equity (i.e. share capital and retained profits as set out in the statement of changes in equity). As at 30 June 2025 and 2024, the total shareholders' equity of the Company are \$318,597,320 and \$292,470,038 respectively.

19 SHARE CAPITAL AND RESERVES (CONTINUED)

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, and to satisfy regulatory solvency requirements, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company's statutory solvency requirements in respect of its general insurance business are set out in the Insurance Ordinance. The Company has complied with these externally imposed solvency requirements throughout the current and prior years.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

20 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company entered into the following material related party transactions during the year:

	Note	2025	2024
Service fees paid and payable to a fellow subsidiary	(i)	\$ <u>700,000</u>	\$ <u>648,143</u>
GIT recharge paid and payable to a fellow subsidiary	(i)	\$ <u>445,900</u>	\$ <u>520,100</u>
Investment Management Services Fee paid and payable to a fellow subsidiary	(i)	\$ <u>614,224</u>	\$ <u>472,134</u>

Notes:

- (i) The Company received administrative services from, and paid service fees to, a fellow subsidiary of the Company.
- (ii) The Company provided the service of strategic advice to the immediate parent company, HLA Holdings Sdn Bhd.
- (iii) The Company considers that the key management personnel of the Company include the directors of the Company only. Their remuneration is disclosed in note 10 to the financial statements.

21 PARENT AND ULTIMATE HOLDING COMPANIES

As at 30 June 2025, the directors consider the immediate parent and ultimate holding companies are HLA Holdings Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both of which are incorporated in Malaysia. Neither of them produces financial statements available for public use.

22 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 30 June 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates - Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures - Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.