Well Link General Insurance Company Limited

立橋保險有限公司

31 December 2024

Contents

Directors' report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2024.

Principal place of business

Well Link General Insurance Company Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Units 1101-1103 & 1116-1118, The Western Half of 11th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

Principal activity

The principal activity of the Company is transacting general insurance business including statutory insurance.

Charitable donation

Charitable donation made by the Company during the year amounted to HK$Nil (2023: HK$Nil).

Share capital

Details of the movements in share capital of the Company are set out in note 20 to the financial statements.

Directors

The directors during the financial year were:

Xu Chujia	
Tsim Ying Wah	
Chan Shiu Yin, Elex	
Lee Mun Nang	
Ng Chu Lien Fan	
Li Qiang	(appointed on 30 January 2024)

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

At no time during the year was the Company a party to any arrangement 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 Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Directors' and controllers' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the Company, or any of its holding companies or fellow subsidiaries was a party, and in which a director or controller of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Directors' and controllers' interests in shares or debentures

At no time during the year was the Company or any of its holding companies or fellow subsidiaries, a party to any arrangements to enable the directors or controllers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Xu Chujia

Chairman

Hong Kong,
28 APR 2025

Independent auditor's report to the member of Well Link General Insurance Company Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Well Link General Insurance Company Limited ("the Company") set out on pages 6 to 60, which comprise the statement of financial position as at 31 December 2024, 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 31 December 2024 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 Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 Well Link General Insurance Company 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 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 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.

Independent auditor's report to the member of Well Link General Insurance Company Limited (continued)

(Incorporated in Hong Kong with limited liability)

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

- 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.

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

KPMG

Certified Public Accountants

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

28 APR 2025

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	*2024* HK$	*2023* HK$
Insurance revenue	16	131,092,587	85,094,639
Insurance service expenses	7	(105,337,742)	(66,078,888)
Net expenses from reinsurance contracts	16	(9,259,478)	(5,280,289)
Insurance service result		16,495,367	13,735,462
Interest revenue calculated using the effective interest method	6(a)	10,426,714	11,662,084
Other investment (expenses)/income	6(b)	(1,473,960)	377,852
Investment return		8,952,754	12,039,936
Net finance expenses from insurance contracts		(6,681,771)	(7,050,908)
Net income from reinsurance contracts		491,993	777,440
Net financial result		2,762,976	5,766,468
Other income		1,091,451	1,579,337
Other operating expenses	7	(19,022,845)	(18,334,994)
Other finance costs		(220,951)	(256,118)
Profit before tax		1,105,998	2,490,155
Income tax expense	10	-	-
Profit for the year		1,105,998	2,490,155
Total comprehensive income for the year attributable to shareholder of the Company		1,105,998	2,490,155

The notes on pages 12 to 60 form part of these financial statements.

Statement of financial position as at 31 December 2024

(Expressed in Hong Kong dollars)

	Note	*At 31 December 2024* HK$	*At 31 December 2023* HK$
Non-current assets			
Property and equipment	11	11,338,950	11,160,882
Intangible asset	12	477,941	625,000
Deposits at bank	15	100,000,000	100,000,000
Deposits and other receivables	13	254,650	254,650
		112,071,541	112,040,532
Current assets			
Investments	14	26,655,234	-
Reinsurance contract assets	16	15,249,825	18,246,965
Deposits, prepayments and other receivables	13	1,973,739	3,499,996
Deposits at bank with original maturity more than 3 months	15	-	17,605,198
Cash and cash equivalents	15	132,591,996	140,244,653
		176,470,794	179,596,812
Total assets		288,542,335	291,637,344
Current liabilities			
Other payables and accruals	17	16,340,920	16,430,663
Insurance contract liabilities	16	181,315,022	185,087,283
Total current liabilities		197,655,942	201,517,946
Total assets less current liabilities		90,886,393	90,119,398
Non-current liabilities			
Other payables and accruals	17	1,910,441	2,249,444
Net assets		88,975,952	87,869,954

Statement of financial position as at 31 December 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	At 31 December 2024 HK$	At 31 December 2023 HK$
Equity			
Share capital	20	391,600,000	391,600,000
Accumulated losses		(302,624,048)	(303,730,046)
Total equity		88,975,952	87,869,954

Approved and authorised for issue by the board of directors on 28 APR 2025

Tsim Ying Wah
Director

Lee Mun Nang
Director

The notes on pages 12 to 60 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	*Share capital* HK$	*Accumulated losses* HK$	*Total* HK$
At 1 January 2023		391,600,000	(306,220,201)	85,379,799
Profit and total comprehensive income for the year		-	2,490,155	2,490,155
Balance as at 31 December 2023 and 1 January 2024		391,600,000	(303,730,046)	87,869,954
Profit and total comprehensive income for the year		-	1,105,998	1,105,998
At 31 December 2024		391,600,000	(302,624,048)	88,975,952

The notes on pages 12 to 60 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	*2024* HK$	*2023* HK$
Operating activities			
Profit before tax		1,105,998	2,490,155
Adjustments for:			
Amortisation		147,059	500,000
Depreciation		3,664,755	5,238,068
Interest expenses on lease liabilities		220,951	256,118
Interest income on bank deposits and debt securities		(10,841,948)	(11,679,822)
Net exchange loss/(gain)		712,359	(125,395)
Net unrealised gain on investment		(429,306)	-
Dividend income from equity securities		(255,330)	-
Net realised loss/(gain) on investments		1,861,473	(234,720)
Loss on lease modification		-	30,551
Operating cash flows before movements in working capital		(3,813,989)	(3,525,045)
Increase in insurance and reinsurance contracts		(775,121)	(28,139,146)
Decrease/(increase) in current deposits, prepayments and other receivables		906,255	(862,575)
(Increase)/decrease in other payables and accruals		(927,088)	1,098,306
Net cash used in operating activities		(4,609,943)	(31,428,460)

Cash flow statement
for the year ended 31 December 2024 (continued)
(Expressed in Hong Kong dollars)

	Note	*2024* HK$	*2023* HK$
Investing activities			
Interest received		11,461,950	11,973,157
Decrease in deposits at bank with original maturity more than 3 months		17,605,198	28,939,399
Purchase of property and equipment	11	(842,650)	(1,543,275)
Purchase of investments		(187,403,984)	(29,715,000)
Proceeds from sale of investments		159,509,222	69,682,346
Dividend received from investments		255,330	-
Net cash generated from investing activities		585,066	79,336,627
Financing activities			
Capital element of lease rentals paid		(2,501,831)	(2,473,192)
Interest element of lease rentals paid		(220,951)	(256,118)
Net cash used in financing activities		(2,722,782)	(2,729,310)
Net (decrease)/increase in cash and cash equivalents		(6,747,659)	45,178,857
Effect of foreign exchange rate changes		(904,998)	(209,170)
Cash and cash equivalents at 1 January		140,244,653	95,274,966
Cash and cash equivalents at 31 December	15	132,591,996	140,244,653

The notes on pages 12 to 60 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General

Well Link General Insurance Company Limited ("the Company") is a private company incorporated in Hong Kong with its registered office and principal place of business at Units 1101-1103 & 1116-1118, The Western Half of 11th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is a wholly-owned subsidiary of Well Link Insurance Group Holdings Limited, a company incorporated in Hong Kong.

The Insurance Authority in Hong Kong has authorised the Company to carry on Classes 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13 and 16 of General Business in or from Hong Kong.

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2 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 Companies Ordinance. 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 3 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 and financial information.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except for that, as explained in the accounting policies set below:

- financial instruments classified as fair value through profit or loss are stated at their fair value (see note 2(m)); and

- for insurance and reinsurance contracts, onerous contracts and liabilities and assets for incurred claims are measured at fulfilment cash flows (see note 2(e)).

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

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 financial information and major sources of estimation uncertainty are discussed in note 4.

(c) Revenue recognition

The accounting policies for the recognition of insurance revenue are disclosed in note 2(e)(vii).

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Service fee income is recognised when the service is provided, the amount for which can be reliably estimated and it is probable that the income will be received.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts – Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

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, unless otherwise stated.

(e) Insurance and reinsurance contracts

(i) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and

- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

2 Material accounting policies (continued)

(e) Insurance and reinsurance contracts (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance Contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract’s legal form of a single contract reflects the substance of the Company’s contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

2 Material accounting policies (continued)

(e) Insurance and reinsurance contracts (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

A group of reinsurance contracts is recognised on the following date.

- Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.

- Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Company's excess of loss reinsurance contracts.

(iii) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using 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 (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group.

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 using a systematic and rational method.

2 Material accounting policies (continued)

(e) Insurance and reinsurance contracts (continued)

(iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

<table>
<tr><td>Insurance contracts</td><td>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 services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- 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

- 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 expense risk.</td></tr>
<tr><td>Reinsurance contracts</td><td>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 the reinsurer:

- 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

- has a substantive right to terminate the coverage.</td></tr>
</table>

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 over time.

2 Material accounting policies (continued)

(e) Insurance and reinsurance contracts (continued)

(v) Measurement

The Company uses the premium allocation approach ("PAA") to simplify the measurement of groups of contracts for insurance and reinsurance contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less or, when the coverage period of each contract in the group is greater than one year, the Company reasonably expects that the resulting measurement of the liabilities for remaining coverage ("LRC") would not differ materially from the result of applying the general measurement model ("GMM"). When comparing the different possible measurements, the Company considers the impact of the different release patterns of the LRC to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

- Reinsurance contracts: The Company reasonably expects that the resulting measurement of the assets for remaining coverage ("ARC") would not differ materially from the result of applying the GMM. When comparing the different possible measurements, the Company considers the impact of the different release patterns of the ARC to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met..

Insurance contracts

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. The Company has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided (see note 2(e)(vii)). On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time 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 increases 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 fulfilment cash flows are discounted if the liability for incurred claims is also discounted.

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. The future cash flows are discounted.

2 Material accounting policies (continued)

(e) Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

(vi) Derecognition and contract modification

The Company derecognises a contract when it is extinguished - i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(vii) Presentation

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 are included in the carrying amount of the related portfolios of contracts.

Income and expenses from insurance contracts are presented under insurance service result, comprising insurance revenue and insurance service expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as ‘net expenses from reinsurance contracts’ in the insurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the passage of time.

2 Material accounting policies (continued)

(e) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items.

- Incurred claims and other insurance service expenses

- Insurance acquisition cash flows

- Losses on onerous contracts and reversals of such losses.

- 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.

Net 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.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Company presents insurance finance income or expenses in profit or loss.

2 Material accounting policies (continued)

(f) Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded in the functional currency (i.e. the currency of the primary economic environment in which the Company operates) at the rates of exchange prevailing on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

(g) Retirement benefit costs

Payments to defined contribution retirement benefit plans, including Mandatory Provident Fund Scheme, are recognised as an expense when employees have rendered services entitling them to the contributions.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2 Material accounting policies (continued)

(h) Taxation (continued)

(ii) Deferred tax (continued)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(i) Property and equipment

Property and equipment, including right-of-use assets arising from leases of underlying property and equipment (see note 2(n)), are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method as follow:

Fixture and fittings	10 years
Office equipment	10 years
Computer equipment	5 – 10 years
Properties leased for own use	Over the shorter of the term of the lease or its estimated useful life
Equipment leased for own use	Over the shorter of the term of the lease or its estimated useful life

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Equipment items under work-in-progress are carried at cost. Depreciation of these assets commences when the assets are ready for their intended use.

2 Material accounting policies (continued)

(j) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Software	10 years
Website	5 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Licences under work-in-progress are carried at cost. Amortisation of the asset commences when the asset is ready for its intended use.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(k) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2 Material accounting policies (continued)

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

Classification and measurement of financial assets

Non-equity and equity investments held by the Company are classified as fair value through profit or loss (FVPL) when the contractual cash flows of the investment do not represent solely payments of principal and interest.

Even when the contractual cash flows of the non-equity investments held by the Company represent payments of principal and interest, the business model of these investments is being held for trading as the collection of contractual cash flows is incidental to the objective of the business model. The business model is defined as held for trading as the Company trades its non-equity investments at any time to generate profit at a favourable price. Therefore, the non-equity investments are still classified as FVPL, even though the Company may invest in such instruments to collect contractual cash flows before they are sold. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Therefore, no loss allowance on investments would be recognised with reference to credit losses expected to arise on these instruments.

Dividends from an investment in equity securities are recognised in profit or loss as other investment income/(expenses).

2 Material accounting policies (continued)

(m) Financial instruments (continued)

(i) Financial assets (continued)

Classification and measurement of financial assets (continued)

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 asset that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Other financial assets, including cash and cash equivalents, deposits at bank, and deposits and other receivables, are stated at amortised cost using the effective interest method less allowance for credit losses.

Impairment of financial assets

The Company applies the expected credit loss model to the financial assets measured at amortised cost (including cash and cash equivalents, deposits at bank, and deposits and other receivables).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance is measured at an amount equal to lifetime expected credit losses (ECLs), which are those losses that are expected to occur over the expected life of the receivables. The loss allowance is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the receivables through a loss allowance account.

The gross carrying amount of a receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

For cash and cash equivalents and fixed deposits, the Company does not provide any expected credit loss as the credit ratings of all the banks in which the Company places deposits are investment grade according to Standard and Poor's or Moody's. The Company considers that the probability of default and the loss given default of these bank deposits are remote and therefore the expected credit loss is immaterial.

2 Material accounting policies (continued)

(m) Financial instruments (continued)

(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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities including other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

(iii) Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

2 Material accounting policies (continued)

(n) 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.

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.

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 notes 2(i) and 2(k)).

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.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and presents lease liabilities in "other payables and accruals".

2 Material accounting policies (continued)

(o) Related parties

(a) 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.

(b) 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 (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(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.

3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company as follows.

- Amendments to HKAS 1, *Presentation of financial statements - Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements - Non-current liabilities with covenants* ("2022 amendments")

- 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 the developments have had a material effect on how the Company's result and financial position for the current or prior periods. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Key sources of estimation uncertainty

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

(a) 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.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Fulfilment cash flows (continued)

Estimates of future cash flows

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques. These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Discount rates used are as follows:

As at 31 December 2024	1 year	5 years
HKD	3.9%	3.6%
As at 31 December 2023	1 year	5 years
HKD	4.3%	3.0%

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that would require for bearing non-financial risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The risk adjustments for non-financial risk are determined using a confidence level technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

(b) Eligibility considerations of the PAA

The Company applies the PAA to simplify the measurement of insurance and reinsurance contracts. In addition to the contracts with coverage of within 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 and ARC that would not differ materially from the one that would be produced by applying the GMM. Certain insurance contracts underwritten by the Company have a coverage period over one year.

For insurance contracts underwritten and reinsurance contracts held by the Company with coverage period over one year, the Company exercises significant judgement to determine whether there the LRC and ARC measured under GMM is materially different with the LRC and ARC measured under PAA. In the event for a group of insurance contracts, the LRC and ARC results between the measurement model differs larger than the thresholds determined by the Company, the group of contracts will not be eligible for the PAA and the Company shall apply the GMM to recognise and measure that group of insurance contracts.

The judgements exercised in setting the thresholds to determine “material difference” in the above assessment fundamentally affect the approach the group of insurance contracts is recognised and presented in the financial statements. The accounting policy on PAA’s recognition and measurement is described in note 2(e)(v).

(c) Deferred tax asset

At the end of the reporting period, the Company has estimated unused tax losses of approximately HK$343,164,728 (2023: HK$344,308,171) available for offset against future profits. A deferred tax asset has not been recognised in respect of these losses as the management is of opinion that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

5 Financial instruments, financial and insurance risks and capital risk management

(a) Categories of financial and insurance - related assets and liabilities

The following table sets out the financial and insurance - related assets and liabilities at the end of the reporting period:

	2024	*2023*
	HK$	HK$
Financial assets		
Amortised cost (including cash and cash equivalents)	234,497,246	261,067,770
Financial assets at fair value through profit or loss	26,655,234	-
	261,142,480	261,067,770
Financial liabilities		
Amortised cost	7,542,609	10,088,408
Insurance-related assets		
Reinsurance contract assets	15,249,825	18,246,965
Insurance-related liabilities		
Insurance contract liabilities	181,315,022	185,087,283

(b) Financial and insurance risk management policies and objectives

The Company is exposed to financial and insurance risks through its financial and insurance-related assets and liabilities. In particular, the key financial risk is liquidity risk, where the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. Other financial risks include credit risk and market risk (which comprises interest rate risk, foreign exchange risk and equity price risk). The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(i) Liquidity risk management

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Company's objective is to maintain a balance between continuity of funding and flexibility. In the opinion of the directors, the Company is able to generate adequate funds to finance its operations and to cover the claims at unexpected levels of demand.

The following table details the maturity of the Company's financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Company can be required to pay.

	2024 Contractual undiscounted cash outflows				
	Within 1 year or on demand HK$	*More than 1 year but less than 2 years* HK$	*More than 2 years but less than 5 years* HK$	*Total* HK$	*Carrying amount* HK$
Other payables	3,080,608	-	-	3,080,608	3,080,608
Lease liabilities (Note)	2,651,989	1,668,202	411,863	4,732,054	4,462,001
	5,732,597	1,668,202	411,863	7,812,662	7,542,609

	2023 Contractual undiscounted cash outflows				
	Within 1 year or on demand HK$	*More than 1 year but less than 2 years* HK$	*More than 2 years but less than 5 years* HK$	*Total* HK$	*Carrying amount* HK$
Other payables	6,124,749	-	-	6,124,749	6,124,749
Lease liabilities (Note)	1,743,721	1,049,063	1,454,130	4,246,914	3,963,659
	7,868,470	1,049,063	1,454,130	10,371,663	10,088,408

Note: The future cash outflows for leases are discounted to the carrying amount according to the requirement of HKFRS 16.

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(i) Liquidity risk management (continued)

The following table provides a maturity analysis of the Group's insurance contracts, which reflects the dates on which the cash flows are expected to occur. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

	Contractual undiscounted cash outflows						
	1 year or less or payable on demand $	*1-2 years* $	*2-3 years* $	*3-4 years* $	*4-5 years* $	*More than 5 years* $	*Total* $
31 December 2024							
Insurance contract liabilities	63,996,819	34,352,353	21,575,777	14,778,086	11,482,233	3,316,673	149,501,941
31 December 2023							
Insurance contract liabilities	62,481,052	31,551,907	24,256,797	14,618,045	11,394,746	12,030,113	156,332,660

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(ii) Credit risk management

Credit risk

Key areas where the Company is exposed to credit risk are reinsurance contract assets, deposits and other receivables, deposits at bank, bank balances and debt securities.

The Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position. The Company reviews the recoverable amount of each individual financial asset at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The creditworthiness of these counterparties is considered by reviewing their financial strength prior to finalisation of any contract and transaction. The Company maintains records of the payment history for significant contract holders and banks with whom they conduct regular business. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The analysis below shows the maximum exposure to credit risk:

	2024 HK$	*2023* HK$
Credit exposure		
Reinsurance contract assets	30,444,281	23,358,849
Deposits and other receivables	1,905,250	3,217,919
Deposits at bank	100,000,000	117,605,198
Bank balances	132,591,996	140,244,653
Investments - debt securities	26,655,234	-
	291,596,761	284,426,619

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(ii) Credit risk management (continued)

The table below provides information with regard to the credit risk exposure of the Company by classifying assets according to the external credit rating of counterparties.

Investment grade refers to the quality of a counterparty's credit which is rated at "BBB" or higher by Standard and Poor's or Moody's.

	Investment Grade HK$	*Non-investment Grade* HK$	*Total* HK$
At 31 December 2024			
Financial assets at FVPL			
Investments - debt securities	26,655,234	-	26,655,234
At 31 December 2023			
Financial assets at FVPL			
Investments - debt securities	-	-	-

	Investment Grade 12-month ECL HK$	*Non-investment Grade 12-month ECL* HK$	*Non-investment Grade Lifetime ECL* HK$	*Total* HK$
At 31 December 2024				
Financial assets at amortised cost				
Deposits and other receivables	915,180	254,650	1,060,394	2,230,224
Deposits at bank	100,000,000	-	-	100,000,000
Cash and cash equivalents	132,591,996	-	-	132,591,996
Gross carrying amount	233,507,176	254,650	1,060,394	234,822,220
Less: Loss allowance - Deposits and other receivables	-	-	(1,835)	(1,835)
Amortised cost	233,507,176	254,650	1,058,559	234,820,385

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(ii) Credit risk management (continued)

At 31 December 2023	*Investment Grade 12-month ECL* HK$	*Non-investment Grade 12-month ECL* HK$	*Non-investment Grade Lifetime ECL* HK$	*Total* HK$
Financial assets at amortised cost				
Deposits and other receivables	1,535,182	254,650	1,429,922	3,219,754
Deposits at bank	117,605,198	-	-	117,605,198
Cash and cash equivalents	140,244,653	-	-	140,244,653
Gross carrying amount	259,385,033	254,650	1,429,922	261,069,605
Less: Loss allowance - Deposits and other receivables	-	-	(1,835)	(1,835)
Amortised cost	259,385,033	254,650	1,428,087	261,067,770

As at 31 December 2024, all debt securities are below AA- (2023: HK$Nil).

Changes in the loss allowance

Deposits and other receivables	*2024 Lifetime ECL* HK$	*2023 Lifetime ECL* HK$
Balance at 1 January	1,835	1,835
Amounts reversed during the year	-	-
Balance at 31 December	1,835	1,835

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(ii) Credit risk management (continued)

The table below shows the credit risk exposure and the aging analysis of reinsurance contract assets:

	Neither past due nor impaired		*Past due but not impaired*			
	Investment grade HK$	*Non-investment grade* HK$	*0 - 30 days* HK$	*31 - 90 days* HK$	*91 - 180 days* HK$	*Total* HK$
At 31 December 2024						
Reinsurance contract assets	30,444,281	-	-	-	-	30,444,281
At 31 December 2023						
Reinsurance contract assets	23,358,849	-	-	-	-	23,358,849

(iii) Interest rate risk management

The Company's interest-bearing financial assets are concentrated in its investments portfolio, cash and cash equivalents and fixed deposits, amounting to HK$259,247,230 (2023: HK$257,849,851) as at 31 December 2024. The Company's interest rate risk arises primarily from its debt securities amounting to HK$26,655,234 (2023: HK$Nil) as at 31 December 2024, where their fair value will fluctuate as a result of changes in market interest rate. The Company monitors this exposure through periodic reviews of its asset positions.

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Company's profit after tax and equity by approximately HK$447,808 (2023: HK$Nil).

The sensitivity analysis above indicates the instantaneous change in the Company's profit after tax and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure the debt securities held by the Company which expose the Company to fair value interest rate risk at the end of the reporting period. No convexity is considered.

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(iv) Foreign exchange risk management

The Company holds assets denominated in United States dollars. As the Hong Kong dollar is pegged to the United States dollar, the exposure to foreign exchange risk is considered not significant.

(v) Equity price risk management

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 relative returns by investing in a diverse portfolio of high quality, liquid securities.

All equity securities held by the Company are classified as fair value through profit or loss.

At 31 December 2024, it is estimated that an increase/decrease of 10% (2023: 10%) in the relevant stock market index, with all other variables held constant, would have increased/decreased the Company's profit after tax and equity by HK$Nil (2023: HK$Nil).

The sensitivity analysis indicates the instantaneous change in the Company's equity that would arise assuming that the changes in the stock market index had occurred at the end of reporting period and had been applied to re-measure those financial instruments held by the Company which expose the Company to equity price risk at the end of reporting period. It is also assumed that the fair values of the Company's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant.

(vi) Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

In the opinion of the directors, the carrying amounts of financial assets and financial liabilities at amortised cost approximate their respective fair values at the reporting dates due to the relatively short-term maturity of these financial instruments.

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(vi) Fair value of financial instruments (continued)

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.

		Fair value measurements as at 31 December 2024 categorised into		
	Fair value at 31-Dec-2024 HK$	*Level 1* HK$	*Level 2* HK$	*Level 3* HK$
Assets				
Debt securities	26,655,234	26,655,234	-	-

		Fair value measurements as at 31 December 2023 categorised into		
	Fair value at 31-Dec-2023 HK$	*Level 1* HK$	*Level 2* HK$	*Level 3* HK$
Assets				
Debt securities	-	-	-	-

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers 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.

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(vii) Insurance risk

The majority of insurance contracts issued by the Company are for general insurance of accident and health, motor vehicle, property damage and general liability. The Company has entered into several reinsurance contracts to mitigate the insurance risk.

The estimates of present value of future cash flows in liabilities for incurred claims are analysed in the table below:

Class of business	*2024* HK$	*2023* HK$
Motor	78,437,145	94,224,675
Employees' compensation	37,002,739	22,203,016
Multi-risk-shop and office	5,979,921	8,553,158
General liability - others	3,090,905	6,259,924
Others	3,146,516	5,935,496
	127,657,226	137,176,269

The estimates of present value of future cash flows in assets for incurred claims are analysed in the table below:

Class of business	*2024* HK$	*2023* HK$
Quota Share	17,567,504	17,196,348
Facultative Outward	1,054	306,309
Excess of Loss	11,250,377	4,726,852
	28,818,935	22,229,509

Sensitivity analysis

The general insurance claims provision is sensitive to unpaid claims and expenses. 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. The Company has entered into several reinsurance contracts to mitigate the insurance risk.

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.

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(vii) Insurance risk (continued)

The sensitivity analysis below has been determined based on the exposure to insurance risks at the reporting date. 20% is the sensitivity rate used by the management to assess the insurance risk arising from reasonably possible change in the LIC and AIC, profit or loss and equity as at the end of the reporting period to key management personnel.

	2024			*2023*		
Class of business	*Impact on (LIC)/AIC* HK$	*Impact on profit or loss* HK$	*Impact on equity* HK$	*Impact on (LIC)/AIC* HK$	*Impact on profit or loss* HK$	*Impact on equity* HK$
Unpaid claims and expenses - 20% increase						
Insurance contract liabilities	(28,079,462)	(28,079,462)	(28,079,462)	(30,604,789)	(30,604,789)	(30,604,789)
Reinsurance contract assets	3,737,427	3,737,427	3,737,427	1,814,638	1,814,638	1,814,638
	(24,342,035)	(24,342,035)	(24,325,035)	(28,790,151)	(28,790,151)	(28,790,151)

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(vii) Insurance risk (continued)

Claims development is set out below:

2024

	Accident year						
	2019 and prior years HK$	*2020* HK$	*2021* HK$	*2022* HK$	*2023* HK$	*2024* HK$	*Total* HK$
Gross of reinsurance							
Estimates of undiscounted gross cumulative claims:							
- at end of accident year	325,542,948	69,357,835	77,925,313	71,322,681	66,731,479	92,811,638	
- one year later	318,853,265	63,645,839	78,250,638	68,396,338	56,368,441		
- two years later	308,956,992	63,042,968	68,733,672	62,701,642			
- three years later	304,632,723	57,848,415	69,829,700				
- four years later	307,978,018	60,230,704					
- five years later	308,546,271						
Cumulative payments to date	(302,050,391)	(54,503,691)	(62,614,987)	(47,279,518)	(24,054,205)	(10,483,663)	(500,986,455)
Gross liabilities - accident years from 2019 and prior years to 2024	6,495,880	5,727,013	7,214,713	15,422,124	32,314,236	82,327,975	149,501,941
Other claims payable							195,191
Effect of discounting							(9,104,630)
Gross liabilities for incurred claims							140,592,502
Net of reinsurance							
Estimates of undiscounted net cumulative claims:							
- at end of accident year	203,344,946	61,618,053	75,903,025	69,866,605	65,626,640	74,995,580	
- one year later	192,704,787	54,368,437	76,497,567	66,386,918	39,872,431		
- two years later	183,529,874	52,599,346	67,435,315	41,087,116			
- three years later	181,812,326	47,616,807	49,257,960				
- four years later	178,784,622	40,664,295					
- five years later	181,052,237						
Cumulative payments to date	(182,024,652)	(37,639,160)	(42,043,247)	(25,739,751)	(8,460,743)	(1,479,405)	(297,386,958)
Net liabilities – accident years from 2019 and prior years to 2024	(972,415)	3,025,135	7,214,713	15,347,365	31,411,688	73,516,175	129,542,661
Other claims payable							195,191
Other claims recoveries receivables from reinsurers							(9,701,911)
investment components and premium funds							(2,125,858)
Effect of discounting							(7,761,861)
Net liabilities for incurred claims							110,148,222

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(vii) Insurance risk (continued)

2023

	Accident year						
	2018 and prior years HK$	*2019* HK$	*2020* HK$	*2021* HK$	*2022* HK$	*2023* HK$	*Total* HK$
Gross of reinsurance							
Estimates of undiscounted gross cumulative claims:							
- at end of accident year	269,289,919	64,182,782	69,357,835	77,925,313	71,322,681	66,731,479	
- one year later	261,360,166	60,815,328	63,645,839	78,250,638	68,396,338		
- two years later	258,037,937	57,188,045	63,042,968	68,733,672	-		
- three years later	251,768,947	51,978,505	57,848,415	-	-		
- four years later	252,654,218	48,666,327	-	-	-		
- five years later	259,311,691	-	-	-	-		
Cumulative payments to date	(246,195,124)	(45,860,662)	(42,297,199)	(43,133,363)	(27,376,167)	(8,492,747)	(413,355,262)
Gross liabilities - accident years from 2018 and prior years to 2023	13,116,567	2,805,665	15,551,216	25,600,309	41,020,171	58,238,732	156,332,660
Other claims payable							4,849
Effect of discounting							(5,733,510)
Gross liabilities for incurred claims							150,603,999
Net of reinsurance							
Estimates of undiscounted net cumulative claims:							
- at end of accident year	165,311,702	48,592,968	61,618,053	75,903,025	69,866,605	65,626,640	
- one year later	154,751,978	40,811,853	54,368,437	76,497,567	66,386,918		
- two years later	151,892,934	35,232,457	52,599,346	67,435,315	-		
- three years later	148,297,417	32,094,202	47,616,807	-	-		
- four years later	149,718,124	30,230,526	-	-	-		
- five years later	148,554,096	-	-	-	-		
Cumulative payments to date	(144,789,711)	(28,906,875)	(35,169,551)	(42,039,270)	(25,713,140)	(8,415,499)	(285,034,046)
Net liabilities - accident years from 2018 and prior years to 2023	3,764,385	1,323,651	12,447,256	25,396,045	40,673,778	57,211,141	140,816,256
Other claims payable							4,849
Other claims recoveries receivables from reinsurers							(8,666,881)
Effect of discounting							(4,908,774)
Net liabilities for incurred claims							127,245,450

5 Financial instruments, financial and insurance risks and capital risk management (continued)

(b) Financial and insurance risk management policies and objectives (continued)

(viii) Capital risk management policies and objectives

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Company comprises of share capital less accumulated losses. The directors have closely monitored the Company's solvency in accordance with the capital requirement. The Company complied with the regulatory solvency requirements throughout the year. The Company's overall strategy remains unchanged from prior year.

6 Net financial result

	Note	*2024* HK$	*2023* HK$
Investment return			
Interest revenue calculated using the effective interest method	(a)	10,426,714	11,662,084
Other investment (expenses)/income	(b)	(1,473,960)	377,852
Total investment return		8,952,754	12,039,936
Net finance expenses from insurance contracts			
Effect of changes in interest rates and other financial assumptions		(6,681,771)	(7,050,908)
Total net finance expenses from insurance contracts		(6,681,771)	(7,050,908)
Net finance income from reinsurance contracts			
Effect of changes in interest rates and other financial assumptions		491,993	777,440
Total net finance income from reinsurance contracts		491,993	777,440
		2,762,976	5,766,468

6 Net financial result (continued)

(a) Interest revenue calculated using effective interest method

	2024	*2023*
	HK$	HK$
Bank interest income	317,151	509,661
Deposit interest income	10,109,563	11,152,423
	10,426,714	11,662,084

(b) Other investment (expenses)/income

	2024	*2023*
	HK$	HK$
Dividend income from listed equity securities	255,330	-
Net realised and unrealised (losses)/gains on investments	(1,432,166)	234,720
Interest income from listed debt securities	415,235	17,738
Net foreign exchange (loss)/gain	(712,359)	125,394
	(1,473,960)	377,852

7 Expenses

	2024	*2023*
	HK$	HK$
Claims and benefits	70,747,583	44,268,831
Fees and commissions	18,595,661	11,035,835
Losses and reversal of losses on onerous insurance contracts	(124,474)	174,420
Staff costs	14,869,451	13,699,689
Auditors' remuneration	2,445,000	2,529,000
Legal and professional costs	3,760,619	2,892,653
Depreciation and amortisation on property and equipment and other intangible assets	3,811,813	5,738,068
Others	9,267,395	8,879,250
Amounts attributed to insurance acquisition cash flows incurred during the year	(22,762,329)	(15,028,614)
Amortisation of insurance acquisition cash flows	23,749,868	10,224,750
	124,360,587	84,413,882
Represented by		
Insurance service expenses	105,337,742	66,078,888
Other operating expenses	19,022,845	18,334,994
	124,360,587	84,413,882

8 Other income

	2024	*2023*
	HK$	HK$
Fee income	930,979	988,210
Other income	160,472	591,127
	1,091,451	1,579,337

9 Directors' emoluments

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

	2024	*2023*
	HK$	HK$
Directors' fees	480,000	420,000
Salaries, allowances and benefits in kind	2,140,445	-
Retirement scheme contributions	18,000	-
	2,638,445	420,000

10 Income tax expense in the statement of profit or loss and other comprehensive income

(a) Current tax

No provision for Hong Kong Profits Tax has been made in these financial statements as the Company has no assessable profit for the year. Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. On 19 March 2021, the Hong Kong SAR Government has introduced the concessionary tax rate i.e. 8.25% on qualifying general insurance business, which the Company does not plan to elect to apply for the financial year ended 31 December 2024 and 2023.

(b) Reconciliation between income tax and accounting loss at Hong Kong Profits Tax rate:

	2024	*2023*
	HK$	HK$
Profit before tax	1,105,998	2,490,155
Tax at income tax rate of 16.5%	182,490	410,876
Tax effect of income not taxable for tax purposes	(1,762,537)	(1,924,244)
Tax effect of expense not deductible for tax purposes	15,039	157,873
Tax effect of changes in temporary differences not recognised	(1,292,223)	(295,831)
Tax effect of tax loss not recognised	2,857,231	1,651,326
Income tax charge for the year	-	-

10 Income tax expense in the statement of profit or loss and other comprehensive income (continued)

(c) Deferred tax assets not recognised

At the end of the reporting period, the Company has estimated unused tax losses of approximately HK$343,164,728 (2023: HK$344,308,171) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. These estimated tax losses have no expiry date.

11 Property and equipment

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

With effect from 1 January 2024, the Company made a change in depreciation estimates as follows:

- Estimated useful life of fixtures and fittings changed from 3 years or 5 years to 10 years;
- Estimated useful life of office equipment changed from 3 years or 5 years to 10 years; and
- Estimated useful life of computer equipment changed from 3 years to 5 to 10 years;

This constitutes a change in accounting estimates. In the opinion of the directors, based on the current business condition, the estimated residual value and useful lives of these property and equipment are more appropriately reflected by the change.

The change has been applied prospectively and has resulted in a decrease in depreciation of HK$1,666,232 for 2024 and increase in depreciation of HK$1,666,232 for future periods.

11 Property and equipment (continued)

	Fixtures and fittings HK$	*Office equipment* HK$	*Computer equipment* HK$	*Properties leased for own use* HK$	*Equipment leased for own use* HK$	*Total* HK$
Cost:						
At 1 January 2023	222,879	146,755	19,491,267	8,759,516	166,921	28,787,338
Additions	-	-	1,543,275	302,664	-	1,845,939
At 31 December 2023	222,879	146,755	21,034,542	9,062,180	166,921	30,633,277
At 1 January 2024	222,879	146,755	21,034,542	9,062,180	166,921	30,633,277
Additions	-	-	842,650	3,000,173	-	3,842,823
At 31 December 2024	222,879	146,755	21,877,192	12,062,353	166,921	34,476,100
Depreciation:						
At 1 January 2023	222,879	131,645	10,362,191	3,431,370	86,242	14,234,327
Charge for the year	-	7,464	2,848,762	2,348,457	33,385	5,238,068
At 31 December 2023	222,879	139,109	13,210,953	5,779,827	119,627	19,472,395
At 1 January 2024	222,879	139,109	13,210,953	5,779,827	119,627	19,472,395
Charge for the year	-	1,064	1,314,873	2,315,434	33,384	3,664,755
At 31 December 2024	222,879	140,173	14,525,826	8,095,261	153,011	23,137,150
Net book value:						
At 31 December 2024	-	6,582	7,351,366	3,967,092	13,910	11,338,950
At 31 December 2023	-	7,646	7,823,589	3,282,353	47,294	11,160,882

11 Property and equipment (continued)

(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:

	Note	*2024* HK$	*2023* HK$
Properties leased for own use	(i)	3,967,092	3,282,353
Equipment leased for own use	(ii)	13,910	47,295
		3,981,002	3,329,648

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

	2024 HK$	*2023* HK$
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	2,315,434	2,348,457
Equipment leased for own use	33,384	33,385
	2,348,818	2,381,842
Interest on lease liabilities	220,951	256,118

During the year, additions to right-of-use assets were HK$3,000,173.

(i) Properties leased for own use

The Company leases office premises under leases expired in 2 years to 3 years.

(ii) Equipment leased for own use

The Company leases office equipment under leases expiring in 1 year.

12 Intangible assets

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

With effect from 1 January 2024, the Company made a change in depreciation estimates as follows:

- Estimated useful life of software changed from 7 years to 10 years.

This constitutes a change in accounting estimates. In the opinion of the directors, based on the current business condition, the estimated residual value and useful lives of these property and equipment are more appropriately reflected by the change.

The change has been applied prospectively and has resulted in a decrease in depreciation of HK$352,941 for 2024 and increase of depreciation of HK$352,941 for future periods.

12 Intangible assets (continued)

	Software HK$	*Website* HK$	*Total* HK$
Cost:			
At 1 January 2023	5,562,403	484,329	6,046,732
Additions	-	-	-
Transfer	-	-	-
At 31 December 2023	5,562,403	484,329	6,046,732
At 1 January 2024	5,562,403	484,329	6,046,732
Additions	-	-	-
Transfer	-	-	-
At 31 December 2024	5,562,403	484,329	6,046,732
Amortisation:			
At 1 January 2023	4,437,403	484,329	4,921,732
Provided for the year	500,000	-	500,000
At 31 December 2023	4,937,403	484,329	5,421,732
At 1 January 2024	4,937,403	484,329	5,421,732
Provided for the year	147,059	-	147,059
At 31 December 2024	5,084,462	484,329	5,568,791
Carrying values:			
At 31 December 2024	477,941	-	477,941
At 31 December 2023	625,000	-	625,000

13 Deposits, prepayments and other receivables (unsecured)

	2024 HK$	*2023* HK$
Deposits:		
- Rental	-	-
- Others	254,650	254,650
Prepayments	323,139	536,727
Other receivables	1,652,435	2,965,104
Less: Loss allowance	(1,835)	(1,835)
	2,228,389	3,754,646
Allocated into:		
- Current	1,973,739	3,499,996
- Non-current	254,650	254,650
	2,228,389	3,754,646

14 Investments

	2024 HK$	*2023* HK$
Listed debt securities at fair value	26,655,234	-

15 Bank balances and cash and other cash flow information

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

	2024 HK$	*2023* HK$
Current and savings accounts	132,590,996	140,243,653
Cash on hand	1,000	1,000
Cash and cash equivalents	132,591,996	140,244,653
Fixed deposits		
- Current portion	-	17,605,198
- Non-current portion (Note)	100,000,000	100,000,000
	100,000,000	117,605,198
Bank balances and cash	232,591,996	257,849,851

15 Bank balances and cash and other cash flow information (continued)

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

The fixed deposits bear effective interest rate ranging from 2.08% to 6.03% (2023: 2.45% to 6.03%) per annum.

Note: A fixed deposit of HK$100,000,000 was held as a statutory deposit in the name of the Insurance Authority as at 31 December 2024. The Company is required to maintain the statutory deposit until any further instructions from the Insurance Authority.

(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.

	Lease liabilities	
	2024	*2023*
	HK$	HK$
At 1 January	3,963,659	6,103,636
Changes from financing cash flows:		
Capital element of lease rentals paid	(2,501,831)	(2,473,192)
Interest element of lease rentals paid	(220,951)	(256,118)
Total changes from financing cash flows	(2,722,782)	(2,729,310)
Other changes:		
Increase in lease liabilities from entering into new leases during the period	3,000,173	256,118
Interest expenses	220,951	333,215
At 31 December	4,462,001	3,963,659

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024	*2023*
	HK$	HK$
Within operating cash flows	-	-
Within financing cash flows	2,722,782	2,729,310
	2,722,782	2,729,310

16 Insurance and reinsurance contracts

Movements in insurance and reinsurance contract balances

Insurance contracts

	2024					*2023*				
	Liabilities for remaining coverage		*Liabilities for incurred claims*			*Liabilities for remaining coverage*		*Liabilities for incurred claims*		
	Excluding loss component	*Loss component*	*Estimates of present value of future cash flows*	*Risk adjustment for non-financial risk*	*Total*	*Excluding loss component*	*Loss component*	*Estimates of present value of future cash flows*	*Risk adjustment for non-financial risk*	*Total*
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Opening liabilities	34,063,066	420,218	137,176,269	13,427,730	185,087,283	36,551,129	245,798	163,163,073	15,623,519	215,583,519
Changes in the statement of profit or loss and OCI										
Insurance revenue	(131,092,587)	-	-	-	(131,092,587)	(85,094,639)	-	-	-	(85,094,639)
Insurance service expenses										
Incurred claims and other insurance service expenses	-	-	108,299,977	6,784,634	115,084,611	-	-	73,649,856	(2,794,266)	70,855,590
Amortisation of insurance acquisition cash flows	23,749,868	-	-	-	23,749,868	10,224,750	-	-	-	10,224,750
Losses and reversals of losses on onerous contracts	-	(124,474)	-	-	(124,474)	-	174,420	-	-	174,420
Adjustments to liabilities for incurred claims	-	-	(26,095,175)	(7,277,088)	(33,372,263)	-	-	(15,774,349)	598,477	(15,175,872)
	23,749,868	(124,474)	82,204,802	(492,454)	105,337,742	10,224,750	174,420	57,875,507	(2,195,789)	66,078,888
Insurance service result	(107,342,719)	(124,474)	82,204,802	(492,454)	(25,754,845)	(74,869,889)	174,420	57,875,507	(2,195,789)	(19,015,751)
Net finance expenses from insurance contracts	-	-	6,681,771	-	6,681,771	-	-	7,050,908	-	7,050,908
Total changes in the statement of profit or loss and OCI	(107,342,719)	(124,474)	88,886,573	(492,454)	(19,073,074)	(74,869,889)	174,420	64,926,415	(2,195,789)	(11,964,843)
Cash flows										
Premiums received	136,468,758	-	-	-	136,468,758	87,410,440	-	-	-	87,410,440
Claims and other insurance service expenses paid	-	-	(98,405,616)	-	(98,405,616)	-	-	(90,913,219)	-	(90,913,219)
Insurance acquisition cash flows	(22,762,329)	-	-	-	(22,762,329)	(15,028,614)	-	-	-	(15,028,614)
Total cash flows	113,706,429	-	(98,405,616)	-	15,300,813	72,381,826	-	(90,913,219)	-	(18,531,393)
Closing liabilities	40,426,776	295,744	127,657,226	12,935,276	181,315,022	34,063,066	420,218	137,176,269	13,427,730	185,087,283

16 Insurance and reinsurance contracts (continued)

Reinsurance contracts

	2024					*2023*				
	Assets for remaining coverage		*Assets for incurred claims*			*Assets for remaining coverage*		*Assets for incurred claims*		
	Excluding loss-recovery component HK$	*Loss-recovery component* HK$	*Estimates of present value of future cash flows* HK$	*Risk adjustment for non-financial risk* HK$	*Total* HK$	*Excluding loss-recovery component* HK$	*Loss-recovery component* HK$	*Estimates of present value of future cash flows* HK$	*Risk adjustment for non-financial risk* HK$	*Total* HK$
Opening assets	(5,216,961)	105,377	22,229,509	1,129,040	18,246,965	(1,975,012)	122,899	20,873,068	1,583,100	20,604,055
Changes in the statement of profit or loss and OCI										
Allocation of reinsurance premiums paid	(24,921,261)	-	-	-	(24,921,261)	(12,410,421)	-	-	-	(12,410,421)
Amounts recoverable from reinsurers										
Recoveries of incurred claims and other insurance service expenses	-	-	9,767,554	955,932	10,723,486	-	-	1,142,951	(68,120)	1,074,831
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(105,272)	-	-	(105,272)	-	(17,522)	-	-	(17,522)
Adjustments to assets for incurred claims	-	-	5,494,678	(459,626)	5,035,052	-	-	6,475,537	(385,940)	6,089,597
	-	(105,272)	15,262,232	496,306	15,653,266	-	(17,522)	7,618,488	(454,060)	7,146,906
Investment components and premium of refunds	(2,125,858)	-	2,125,858	-	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	8,517	-	8,517	-	-	(16,774)	-	(16,774)
Net expenses from reinsurance contracts	(27,047,119)	(105,272)	17,396,607	496,306	(9,259,478)	(12,410,421)	(17,522)	7,601,714	(454,060)	(5,280,289)
Net finance income from reinsurance contracts	-	-	491,993	-	491,993	-	-	777,440	-	777,440
Total changes in the statement of profit or loss and OCI	(27,047,119)	(105,272)	17,888,600	496,306	(8,767,485)	(12,410,421)	(17,522)	8,379,154	(454,060)	(4,502,849)
Cash flows										
Premiums paid	17,069,519	-	-	-	17,069,519	9,168,472	-	-	-	9,168,472
Amounts received	-	-	(11,299,174)	-	(11,299,174)	-	-	(7,022,713)	-	(7,022,713)
Total cash flows	17,069,519	-	(11,299,174)	-	5,770,345	9,168,472	-	(7,022,713)	-	2,145,759
Closing assets	(15,194,561)	105	28,818,935	1,625,346	15,249,825	(5,216,961)	105,377	22,229,509	1,129,040	18,246,965

17 Other payables and accruals

	2024 HK$	*2023* HK$
Accrued expenses	10,708,752	8,591,699
Other payables	1,443,721	2,729,080
Lease liabilities (see note 18)	4,462,001	3,963,659
Amounts due to a fellow subsidiary (see note 19)	1,636,887	3,395,669
	18,251,361	18,680,107

Included in other payables and accruals, the amount of HK$16,340,920 (2023: HK$16,430,663) was expected to be settled within one year.

18 Lease liabilities

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

	31 December 2024		*31 December 2023*	
	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	2,551,560	2,651,989	1,714,215	1,743,721
After 1 year but within 2 years	1,540,606	1,668,202	975,566	1,049,063
After 2 years but within 5 years	369,835	411,863	1,273,878	1,454,130
	1,910,441	2,080,065	2,249,444	2,503,193
	4,462,001	4,732,054	3,963,659	4,246,914
Less: total future interest expenses		(270,053)		(283,255)
Present value of lease liabilities		4,462,001		3,963,659

19 Amounts due to a fellow subsidiary

The amounts due to a fellow subsidiary are unsecured, interest free and repayable on demand.

20 Share capital

	2024		*2023*	
	Number of shares	*Amount* HK$	*Number of shares*	*Amount* HK$
Ordinary share, issued and fully paid:				
At 1 January and 31 December	391,600,000	391,600,000	391,600,000	391,600,000

In accordance with section 135 of the Companies Ordinance, the ordinary shares of the Company do not have a par value.

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.

21 Material related party transactions

Details of the material transactions with companies related to the Company were as follows:

	2024 HK$	*2023* HK$
Transactions during the year		
Expense reimbursement to a fellow subsidiary	3,786,761	4,139,298
Lease payment reimbursement to a fellow subsidiary	2,684,983	2,395,391
Lease payment reimbursement to a related party	346,798	296,119
Balances at the end of the reporting period		
Investment account at Well Link Securities Limited		
- Equity securities	-	-
- Cash balance	1,350	1,350
Amounts due to a fellow subsidiary	1,636,887	3,395,669

22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

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

The Company is in the process of making an assessment of what the impact of these amendments, new standard and interpretations is expected to be in the period of initial application. So far the Company has concluded that the adoption of them is unlikely to have a significant impact on the Company’s financial statements.