Well Link Life Insurance Company Limited

立橋人壽保險有限公司

Directors' Report and
Financial Statements
31 December 2024

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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 Life 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 11/F., China Merchants Tower, Shun Tak Centre, Nos. 168 - 200 Connaught Road Central, Hong Kong.

Principal activity

The Company obtained long term business insurance licence in 2019. The principal activity of the Company is underwriting long term business.

Charitable donation

Charitable donations made by the Company during the year amounted to HK$50,000(2023: HK$1,750,000).

Recommended dividend

The directors do not recommend the payment of any dividend in respect of ordinary shares for the year ended 31 December 2024 (2023: nil).

Share capital

Details of the movements in share capital of the Company are set out in note 23 to the financial statements.

Directors

The directors during the financial year were:

Xu Chujia
Tsim Ying Wah
Chan Shiu Yin Elex
Lee Mun Nang
Meng Zhaoyi
Ng Chu Lien Fan

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 in relation to the Company's business 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.

Auditors

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

By order of the Board

Xu Chujia

Chairman

Hong Kong,

28 APR 2025

KPMG

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

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Well Link Life Insurance Company Limited ("the Company") set out on pages 6 to 74, 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.

KPMG

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

(Incorporated in Hong Kong with limited liability)

Responsibilities of 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

(Incorporated in Hong Kong with limited liability)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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	6	29,833,818	2,214,547
Insurance service expenses	9	82,129,428	(178,859,920)
Net income from reinsurance contracts	18	2,178,914	7,480,126
Insurance service result		114,142,160	(169,165,247)
Interest revenue calculated using the effective interest method	7	3,832,250	7,250,701
Other investment revenue	7	484,853,299	129,677,476
Investment return		488,685,549	136,928,177
Net finance expenses from insurance contracts	7	(343,867,193)	(112,439,688)
Net finance income from reinsurance contracts	7	6,285,590	3,571,506
Net financial result	7	151,103,946	28,059,995
Other income	8	291,357	340,942
Other operating expenses	9	(55,608,172)	(50,450,620)
Finance costs		(1,959,136)	(2,076,641)
Profit/(Loss) before tax		207,970,155	(193,291,571)
Income tax expense	10	(40,569,470)	(10,217,911)
Profit/(Loss) for the year		167,400,685	(203,509,482)
Total comprehensive income for the year attributable to shareholder of the Company		167,400,685	(203,509,482)

The notes on pages 12 to 74 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$
Assets			
Property and equipment	12	37,505,598	35,896,380
Intangible assets	13	36,145,274	29,481,036
Investments	14	7,163,569,664	3,244,433,416
Reinsurance contract assets	18	49,641,331	103,665,781
Deposits, prepayments and other receivables	15	88,622,481	32,299,384
Lease receivables	16	5,739,266	4,300,096
Amounts due from a fellow subsidiary and a related company	22	4,959,162	5,973,003
Amounts due from the immediate holding company	21	1,327,246	1,091,997
Deposits at bank with original maturity more than three months	17	-	52,048,362
Cash and cash equivalents	17	238,357,462	161,099,914
Total assets		7,625,867,484	3,670,289,369
Liabilities			
Other payables and accruals	19	87,779,390	23,409,115
Insurance contract liabilities	18	5,926,782,454	2,221,549,304
Lease liabilities	20	39,182,184	39,110,920
Tax payable		26,854,131	8,351,390
Total liabilities		6,080,598,159	2,292,420,729
Net assets		1,545,269,325	1,377,868,640

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	23	2,000,000,000	2,000,000,000
Accumulated losses		(454,730,675)	(622,131,360)
Total equity		1,545,269,325	1,377,868,640

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 74 form part of these financial statements.

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

(Expressed in Hong Kong dollars)

	Share capital HK$	*Accumulated losses* HK$	*Total* HK$
Balance at 1 January 2023	2,000,000,000	(418,621,878)	1,581,378,122
Loss and total comprehensive income for the year	-	(203,509,482)	(203,509,482)
Balance at 31 December 2023 and 1 January 2024	2,000,000,000	(622,131,360)	1,377,868,640
Profit and total comprehensive income for the year	-	167,400,685	167,400,685
At 31 December 2024	2,000,000,000	(454,730,675)	1,545,269,325

The notes on pages 12 to 74 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/(Loss) before taxation		207,970,155	(193,291,571)
Adjustments for:			
Amortisation		4,455,886	6,979,992
Depreciation		16,156,132	20,769,127
Interest income		(165,009,530)	(71,645,129)
Interest expense on lease liabilities		1,959,136	2,076,641
Interest income on lease receivable		(267,876)	(293,577)
Dividend income		(111,810,492)	(22,066,221)
Net gain on investments		(260,091,513)	(52,530,702)
Net exchange loss		42,336,271	8,766,905
Loss on lease modification		-	44,383
		(264,301,831)	(301,190,152)
Changes in:			
Insurance and reinsurance contracts		3,759,257,599	1,120,413,614
Deposits, prepayment and other receivables		(11,707,596)	5,181,625
Amounts due from a fellow subsidiary, a related company and the immediate holding company		778,592	572,487
Other payables and accruals		64,438,216	8,160,310
Tax paid		(14,214,433)	(5,947,712)
Net cash generated from operating activities		3,534,250,547	827,190,172

Cash flow statement
for the year ended 31 December 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	*2024* HK$	*2023* HK$
Investing activities			
Purchase of property and equipment		(4,437,372)	(726,200)
Purchase of intangible assets	13	(11,120,124)	(8,554,602)
Interest income received		120,394,028	64,943,722
Dividend received		103,958,196	20,625,225
Purchase of investments		(5,596,966,483)	(1,381,267,719)
Proceeds from sale of investments		1,898,723,221	418,066,004
Decrease in deposits at bank with original maturity more than three months		52,048,362	47,951,638
Lease payments received from finance lease		3,374,517	3,352,515
Interest received from finance lease		267,876	293,577
Net cash used in investing activities		(3,433,757,779)	(835,315,840)
Financing activities			
Capital element of lease rentals paid		(18,070,402)	(17,131,895)
Interest element of lease rentals paid		(1,959,136)	(2,076,641)
Net cash used in financing activities		(20,029,538)	(19,208,536)
Net increase/(decrease) in cash and cash equivalents		80,463,230	(27,334,204)
Effect of foreign exchange rate changes		(3,205,682)	(2,564,608)
Cash and cash equivalents at 1 January		161,099,914	190,998,726
Cash and cash equivalents at 31 December		238,357,462	161,099,914

The notes on pages 12 to 74 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General

Well Link Life Insurance Company Limited ("the Company") is a private company incorporated in Hong Kong with its registered office and principal place of business at 1101-1103 & 1116-1118, The Western Half of 11/F., China Merchants Tower, Shun Tak Centre, Nos. 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 Class A and D of Long Term 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.

(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 its fair value (see note 2(e)); and

- insurance and reinsurance contracts are measured at fulfilment cash flows and, if any, the contractual service margin ("CSM") (see note 2(d))

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 major sources of estimation uncertainty are discussed in note 4.

(c) Insurance and reinsurance contracts – Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company 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.

The Company does not accept insurance risk from other insurers.

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.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and

- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

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

2 Material accounting policies (continued)

(d) 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.

(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.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

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

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 in the way according to the corresponding underlying contracts, as reinsurance contracts providing similar types of coverage of underlying contracts are subject to similar risks and thus managed together.

A group of reinsurance contracts is recognised from the earliest of:

- the date on which any underlying insurance contract is initially recognised; and
- the date on which the entity recognises an onerous group of underlying insurance contract.

(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 portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than HKFRS 17.

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

2 Material accounting policies (continued)

(d) 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.

Insurance contracts	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.
Reinsurance contracts	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.

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)

(d) Insurance and reinsurance contracts (continued)

(v) Measurement

Insurance contracts - Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin ("CSM"). The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see note 2(d)(vii)).

Insurance contracts - Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Insurance contracts - Subsequent measurement (continued)

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
- any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see note 2(d)(vii)); or
- any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see note 2(d)(vii));
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see note 2(d)(vii)).

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Insurance contracts - Subsequent measurement (continued)

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;

- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see note 2(d)(vii)) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;

- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and

- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

Direct participating contracts

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Insurance contracts - Subsequent measurement (continued)

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;

- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;

- a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or

- an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);

- the effect of any currency exchange differences on the CSM; and

- the amount recognised as insurance revenue because of the services provided in the year.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Insurance contracts - Subsequent measurement (continued)

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

Reinsurance contracts

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see ‘Reinsurance of onerous underlying insurance contracts’ below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Reinsurance contracts (continued)

- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under note 2(d)(vii)) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under note 2(d)(vii)).

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(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.

On derecognition of a contract from within a group of contracts:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;

- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and

- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see note 2(d)(vii)).

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

(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.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

The Company disaggregates amounts recognised in the statement of profit or loss and other comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or 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 and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).

- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.

- Other amounts, including experience adjustments for premium receipts for current or past services.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Loss components

The Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

Loss components (continued)

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses.

- Amortisation of insurance acquisition cash flows: this is equal to the amount of insurance revenue recognised in the year that relates to recovering 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.

- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

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 relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

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

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and

2 Material accounting policies (continued)

(d) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

Net expenses from reinsurance contracts (continued)

- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

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

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, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see note 2(d)(v)). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

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

(e) 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.

2 Material accounting policies (continued)

(e) Financial instruments (continued)

(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 favorable price. Therefore, the non-equity investments are classified as measured at 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.

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 revenue.

All regular way purchases or sales of financial assets are recognised and derecognized 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, deposits and other receivables, and amount due from a fellow subsidiary 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, deposits and other receivables and amount due from a fellow subsidiary).

The loss allowance is measured at an amount equal to 12-month expected credit losses (ECLs), unless there is a significant increase in credit risk, in which case, lifetime ECLs are applied, which are those losses that are expected to occur over the expected life of the assets. The loss allowance is estimated based on the annual default rate suggested by Standard and Poor's for obligors with same credit rating, adjusted for factors that are specific to the obligors and an assessment of both the current and forecast general economic conditions at the reporting date.

2 Material accounting policies (continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets (continued)

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.

(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 and accruals, 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.

2 Material accounting policies (continued)

(f) 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 development	10 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.

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

• Estimated useful life of office equipment 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 approximately HK$3,602,677 for 2024 and HK$4,269,458 for 2025.

Licenses 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.

(g) Property and equipment

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

2 Material accounting policies (continued)

(g) Property and equipment (continued)

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 follows:

Fixtures and fittings	10 years
Furniture	10 years
Office equipment	10 years
Computer hardware	7 to 10 years
Computer software	5 years
Leasehold improvement	Over the shorter of the term of the lease or its estimated useful life
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.

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 over the shorter of the term of the lease or 3 years to over the shorter of the term of the lease or 10 years;

• Estimated useful life of furniture changed from 3 years to 10 years;

• Estimated useful life of office equipment changed from 3 years to 10 years;

• Estimated useful life of computer hardware changed from 3 years to 7 to 10 years; and

• Estimated useful life of computer software changed from 3 years to 5 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 approximately HK$2,393,671 for 2024 and HK$748,152 for 2025.

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)

(h) Leased assets

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), 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(g) and 2(i)).

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 separately in the statement of financial position.

2 Material accounting policies (continued)

(h) Leased assets (continued)

(ii) As a lessor

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

When a contract contains lease and non-lease components, the Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Company is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating Lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described in note 2(h)(i), then the group classifies the sub-lease as an operating lease.

(i) 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)

(j) 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.

(k) Cash and cash equivalents

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

(l) Revenue recognition

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

(i) Insurance revenue

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

(ii) Dividend income

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

2 Material accounting policies (continued)

(l) Revenue recognition (continued)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method for financial assets measured at amortised cost.

(iv) Government grants

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.

(m) 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.

(n) 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 taxation' 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)

(n) 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.

(o) 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.

(p) Related parties

(1) A person, or a close member of that person's family, is related to the Company if that person:

   (i) has control or joint control over the Company;

   (ii) has significant influence over the Company; or

   (iii) is a member of the key management personnel of the Company or the Company's parent.

(2) An entity is related to the Company if any of the following conditions applies:

   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   (iii) Both entities are joint ventures of the same third party;

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

2 Material accounting policies (continued)

(p) Related parties (continued)

(2) An entity is related to the Company if any of the following conditions applies: (continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (1);

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); 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 new 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 HKAS 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 standards 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.

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

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) Insurance contract liabilities

The Company makes estimates of the expected number of deaths for each of the years that it is exposed to risk. These estimates are based on standard industry mortality tables.

The Company makes estimates of future deaths, investment returns and administration expenses of long-term insurance contracts with fixed and guaranteed terms and with discretionary participation features at each valuation date. These estimates form the assumptions used to calculate the liabilities arising from these contracts. For certain products, the liability provision is adjusted from time to time reflecting the experience earned by these contracts including the investment return achieved by the long-term insurance fund.

5 Insurance and financial risk management

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

The Company primarily provides life, accident and health insurance. Insurance risks are managed through the application of various policies and procedures relating to underwriting, pricing, claims and reinsurance as well as experience monitoring.

The Company uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

(i) Underwriting strategy

The Company underwrites a range of insurance products. The need for adjustments to underwriting strategies is suggested by regular review and monitoring of emerging underwriting experience as well as both internal and external factors affecting insurance business operations. Underwriting authority limits are set for related staff members of different seniorities.

5 Insurance and financial risk management (continued)

(a) Risk management objectives and policies for mitigating insurance risk (continued)

(ii) Reinsurance strategy

The Company uses proportional, non-proportional, automatic and facultative reinsurance to spread insurance risks it assumes.

(b) Insurance risk management

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below.

The following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

Management of risks

The Company manages insurance risks through pricing, reinsurance and underwriting management and monitoring external and internal emerging trends and issues.

For long-term insurance contracts with discretionary participation features, the Company has complete contractual discretion on the annual dividend declared. In practice, the Company considers policyholders' reasonable expectations when setting the annual dividend rate.

The Company maintains an implicit surrender charge for early surrender where possible.

Concentration of insurance risks

Insurance risks concentration may appear in the case that the mortality coverage per person is significantly large or in product lines covering accident, natural disaster or even terrorist attack perils. The majority of the insurance risk is covered by the Company's automatic reinsurance arrangement and the corresponding maximum exposure of mortality risk per life retained by the Company is HK$500,000.

Key assumptions

Liabilities on insurance contracts offered by the Company are predominantly endowment product.

The Company makes estimates of the expected number of deaths for each of the years that it is exposed to risk. These estimates are based on standard industry mortality tables and reinsurance mortality tables depending on products.

The Company makes estimates of future deaths, investment returns and administration expenses of long-term insurance contracts with fixed and guaranteed terms and with discretionary participation features at each valuation date. These estimates form the assumptions used to calculate the liabilities arising from these contracts.

5 Insurance and financial risk management (continued)

(b) Insurance risk management (continued)

Key assumptions (continued)

The assumptions used for the determination of future liabilities for most products are:

Mortality rate:

- Well Protect Critical Illness Insurance Plan, Well Save Whole Life Insurance Plan, Well SmartPro, Well Protect Critical Illness SimPro & Well Protect 108 Refundable Hospital Income Insurance Plan: Reinsurance mortality table

- Other insurance products: Hong Kong Assured Lives Mortality Table HKA01

Morbidity rate: Reinsurance morbidity table

Sensitivity analysis

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

	2024		*2023*	
	Profit or loss $	*Equity* $	*Profit or loss* $	*Equity* $
Total before risk mitigation by reinsurance				
Mortality/Morbidity rates (10% increase)	(353,804)	(353,804)	(97,051)	(97,051)
Mortality/Morbidity rates (10% decrease)	1,956,692	1,956,692	95,592	95,592
Total after risk mitigation by reinsurance				
Mortality/Morbidity rates (10% increase)	(353,508)	(353,508)	(97,125)	(97,125)
Mortality/Morbidity rates (10% decrease)	1,956,554	1,956,554	95,651	95,651

5 Insurance and financial risk management (continued)

(b) Insurance risk management (continued)

General nature of participation features

The Company has policies which participate in the profits of the life funds in the form of dividend/bonus. The level of dividend/bonus is determined by a number of factors including but not limited to the Company's investment return, claims experience, persistency experience, policy expenses, future business growth and retention of earnings in support of the life insurance business, together with interests of the shareholders and the policyholders.

The dividend review and recommendation process as adopted by the Company is based on the contributions made by the respective participating policies to the participating business. As the contribution of each policy is different, there may be some practical constraints in making the allocation under some circumstances. Nevertheless, the dividend review and recommendation process seeks to achieve reasonable and fair allocation amongst classes and generations of policies. Policies may be categorised by their common experience factors such as investment return, claims and administrative expenses to determine their respective contributions.

(c) Asset and liability matching

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

The Company establishes target asset portfolios which represent the investment strategies used to fund its liabilities based on the investment policy approved by the Company from time to time. The estimates used in determining the approximate amounts and timing of payments to or on behalf of policyholders for insurance liabilities are regularly evaluated.

(d) Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business. The Company is also exposed to market price risk arising from its investments in securities.

The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below

(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.

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(i) Liquidity risk management (continued)

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

The table below analyses certain financial and insurance-related liabilities of the Company as at 31 December 2024 into their relevant maturity groups based on their contractual undiscounted cash flows:

	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$	*More than 5 years* HK$	*Total* HK$	*Carrying amount* HK$
Other payables and accruals	83,717,140	1,361,500	2,700,750	-	87,779,390	87,779,390
Lease liabilities	20,791,245	14,647,482	5,801,417	-	41,240,144	39,182,184
	104,508,385	16,008,982	8,502,167	-	129,019,534	126,961,574

	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$	*More than 5 years* HK$	*Total* HK$	*Carrying amount* HK$
Other payables and accruals	21,538,865	522,750	1,347,500	-	23,409,115	23,409,115
Lease liabilities	15,700,695	12,220,941	14,045,668	-	41,967,304	39,110,920
	37,239,560	12,743,691	15,393,168	-	65,376,419	62,520,035

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(i) Liquidity risk management (continued)

The table below presents the estimated amount (on a discounted basis) and timing of cash flows arising from liabilities under insurance contracts.

	Estimates of present value of future cash (inflows)/ 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 contracts liabilities	495,157,437	52,220,663	237,344,549	415,711,746	711,983,434	4,014,364,625	5,926,782,454
31 December 2023							
Insurance contracts liabilities	102,175,395	455,344,986	54,236,757	120,100,668	419,992,509	1,069,698,989	2,221,549,304

(ii) Credit risk management

Key areas where the Company is exposed to credit risk are debt securities, reinsurance contract assets, lease receivables, deposits and other receivables, amounts due from related parties, deposits at bank with original maturity more than three months, and cash and cash equivalents.

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.

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(ii) Credit risk management (continued)

The analysis below shows the maximum exposure to credit risk:

	2024	*2023*
	HK$	HK$
Credit exposure		
Investments - debt securities	5,714,653,027	2,150,837,548
Reinsurance contract assets	49,641,331	103,665,781
Deposits and other receivables	85,661,768	29,523,040
Amounts due from a fellow subsidiary, a related company and the immediate holding company	6,286,408	7,065,000
Lease receivables	5,739,266	4,300,096
Deposits at bank with original maturity more than three months	-	52,048,362
Cash and cash equivalents	238,357,462	161,099,914
	6,100,339,262	2,508,539,741

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.

	Investment Grade HK$	*Non-investment Grade* HK$	*Total* HK$
At 31 December 2024			
Financial assets at FVPL			
Investments - debt securities	5,524,286,887	190,366,140	5,714,653,027
At 31 December 2023			
Financial assets at FVPL			
Investments - debt securities	2,051,991,100	98,846,448	2,150,837,548

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(ii) Credit risk management (continued)

	Investment Grade 12-month ECL HK$	*Non-investment Grade 12-month ECL* HK$	*Total* HK$
At 31 December 2024			
Financial assets at amortised cost			
Deposits and other receivables	76,556,897	9,104,872	85,661,769
Amounts due from a fellow subsidiary, a related company and the immediate holding company	-	6,286,408	6,286,408
Lease receivables	-	5,739,266	5,739,266
Deposits at bank with original maturity more than three months	-	-	-
Cash and cash equivalents	238,357,463	-	238,357,463
Gross carrying amount	314,914,360	21,130,546	336,044,906
Less: Loss allowance			
- Deposits and other receivables	-	-	-
- Deposits at bank with original maturity more than three months	-	-	-
Total loss allowance	-	-	-
Amortised cost	314,914,360	21,130,546	336,044,906
At 31 December 2023			
Financial assets at amortised cost			
Deposits and other receivables	22,116,611	7,406,429	29,523,040
Amounts due from a fellow subsidiary, a related company and the immediate holding company	-	7,065,000	7,065,000
Lease receivables	-	4,300,096	4,300,096
Deposits at bank with original maturity more than three months	52,048,362	-	52,048,362
Cash and cash equivalents	161,099,914	-	161,099,914
Gross carrying amount	235,264,887	18,771,525	254,036,412
Less: Loss allowance			
- Deposits and other receivables	-	-	-
- Deposits at bank with original maturity more than three months	-	-	-
Total loss allowance	-	-	-
Amortised cost	235,264,887	18,771,525	254,036,412

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(ii) Credit risk management (continued)

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

	Investment grade HK$	*Non-investment grade* HK$	*Total* HK$
At 31 December 2024			
Reinsurance contract assets	49,641,331	-	49,641,331
	49,641,331	-	49,641,331
At 31 December 2023			
Reinsurance contract assets	103,665,781	-	103,665,781
	103,665,781	-	103,665,781

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(iii) Interest rate risk management

The Company's interest-bearing financial assets are concentrated in its investments portfolio and fixed deposits, amounting to HK$5,714,653,027 (2023: HK$2,205,885,910) as at 31 December 2024. The Company's interest rate risk arises primarily from its debt securities amounting to HK$5,714,653,027 (2023: HK$2,150,837,548) as at 31 December 2024, where their fair value will fluctuate as a result of changes in market interest rates. The Company monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to its investment portfolio and insurance liabilities is reviewed periodically.

Sensitivity analysis

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$838,326,157 (2023: HK$106,759,967).

While it is more difficult to measure the interest sensitivity of the insurance liabilities than that of the related assets, to the extent that the Company can measure such sensitivities the Company believes that interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products.

An analysis of the Company's sensitivity to a 1% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant is presented below.

	Profit or loss		*Equity*	
	Increase $	*Decrease* $	*Increase* $	*Decrease* $
31 December 2024				
Insurance and reinsurance contracts	(361,074,802)	409,951,341	(361,074,802)	409,951,341
31 December 2023				
Insurance and reinsurance contracts	(43,685,484)	39,825,131	(43,685,484)	39,825,131

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 insurance and reinsurance contracts and 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.

(iv) Foreign exchange risk management

All of the policies are denominated in Hong Kong dollars and United States dollars and the Company holds assets in these currency exposures to back its insurance liabilities.

As the Hong Kong dollar is pegged to the United States dollar, the exposure to foreign exchange risk is considered not significant.

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(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. The holding is diversified across countries and industries.

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% 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$144,891,664 (2023: HK$109,359,587).

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.

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.

5 Insurance and financial risk management (continued)

(d) Financial risk management and fair values (continued)

(vi) Fair value of financial instruments (continued)

	Level 1 HK$	*Level 2* HK$	*Level 3* HK$	*Total* HK$
2024				
Assets				
Equity securities	1,348,916,637	100,000,000	-	1,448,916,637
Debt securities	5,692,795,225	21,857,802	-	5,714,653,027
	7,041,711,862	121,857,802	-	7,163,569,664
2023				
Assets				
Equity securities	993,595,868	100,000,000	-	1,093,595,868
Debt securities	2,142,437,753	8,399,795	-	2,150,837,548
	3,136,033,621	108,399,795	-	3,244,433,416

During the years ended 31 December 2024 and 2023, 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.

6 Insurance Revenue

	2024 HK$	*2023* HK$
Amounts relating to changes in liabilities for remaining coverage		
- CSM recognised for services provided	16,240,883	159,762
- Change in risk adjustment for non-financial risk for risk expired	220,603	83,143
- Expected incurred claims and other insurance service expenses	4,346,174	832,336
Recovery of insurance acquisition cash flows	9,026,158	1,139,306
Total insurance revenue	29,833,818	2,214,547

7 Net financial result

	2024 HK$	2023 HK$
Investment return		
Interest revenue calculated using the effective interest method	3,832,250	7,250,701
Other net investment income	484,853,299	129,677,476
Total investment return	488,685,549	136,928,177
Net finance expenses from insurance contracts		
Changes in fair value of underlying items of direct participating contracts	(354,796,316)	22,358,030
Interest accreted	(156,873,487)	(40,280,750)
Effect of changes in interest rates and other financial assumptions	136,955,497	(96,556,725)
Net foreign exchange income	30,847,113	2,039,757
Total net finance expenses from insurance contracts	(343,867,193)	(112,439,688)
Net finance income from reinsurance contracts		
Interest accreted	1,128,299	1,014,551
Other	5,157,291	2,556,955
Total net finance income from reinsurance contracts	6,285,590	3,571,506
	151,103,946	28,059,995

(a) *Interest revenue calculated using effective interest method*

	2024 HK$	2023 HK$
Bank interest income	3,832,250	7,250,701
	3,832,250	7,250,701

7 Net financial result (continued)

(b) Other net investment income/(expense)

	2024 HK$	*2023* HK$
Interest income from listed debt securities	161,177,280	64,394,428
Dividend income from listed equity securities	111,810,492	22,066,221
Net realised gain/(loss) on listed debt securities	9,932,492	(1,833,217)
Net unrealised (loss)/gain on listed debt securities	(62,545,452)	59,884,412
Net realised gain on listed equity securities	64,134,520	30,540,787
Net unrealised gain/(loss) on listed equity securities	248,569,953	(36,061,280)
Exchange loss	(48,225,986)	(9,313,875)
	484,853,299	129,677,476

8 Other income

	2024 HK$	*2023* HK$
Interest income on finance lease	267,876	293,577
Other	23,481	47,365
	291,357	340,942

9 Expenses

	2024 HK$	2023 HK$
Insurance service expenses	(82,129,428)	178,859,920
Other operating expenses	55,608,172	50,450,620
	(26,521,256)	229,310,540

Expenses include:

	2024 HK$	2023 HK$
Claims and benefits	161,440,398	1,257,104
Fees and commissions	297,209,730	63,287,479
Losses and reversal of losses on onerous insurance contracts	(121,415,990)	164,252,102
Staff costs	79,610,706	55,790,551
Auditors' remuneration	3,937,061	3,228,061
Depreciation and amortisation on property and equipment and other intangible assets	20,612,018	27,749,119
Amortisation of insurance acquisition cash flows	9,026,158	1,139,306

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

(a) Taxation in the statement of profit or loss represents:

	2024 HK$	2023 HK$
Current tax		
Current tax - Hong Kong Profit Tax		
- Provision for the year	32,717,174	8,830,126
Withholding tax	7,852,296	1,440,996
Others	-	(53,211)
	40,569,470	10,217,911

The assessable profits of the Company are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance. Tax for the long term insurance business, as defined by the Inland Revenue Ordinance, is computed at a rate of 16.5% of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of the Inland Revenue Ordinance.

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

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

	2024 HK$	*2023* HK$
Profit/(Loss) before tax	207,970,155	(193,291,571)
Tax at the statutory rate	34,315,076	(31,893,109)
Tax on 5% of net premiums of life insurance business	32,717,174	8,830,126
Results of life insurance business not taxable at the statutory rate	(34,315,076)	31,893,109
Withholding tax	7,852,296	1,440,996
Others	-	(53,211)
Actual tax expense	40,569,470	10,217,911

11 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 HK$	*2023* HK$
Directors' fees	840,000	820,000
Salaries, allowances and benefits in kind	8,848,639	5,953,485
Retirement scheme contributions	340,000	340,000
	10,028,639	7,113,485

12 Property and equipment

	Fixtures and fittings HK$	*Furniture* HK$	*Office equipment* HK$	*Computer hardware* HK$	*Computer software* HK$	*Work-in-progress* HK$	*Leasehold improvement* HK$	*Properties leased for own use* HK$	*Equipment leased for own use* HK$	*Total* HK$
Cost:										
At 1 January 2023	12,292,672	286,571	1,203,005	11,211,348	5,481,855	2,575,497	6,834,250	75,072,272	1,708,592	116,666,062
Additions	-	-	-	156,200	570,000	-	-	9,482,717	942,180	11,151,097
Disposal	(47,370)	-	-	-	-	-	-	(11,927,292)	(1,067,795)	(13,042,457)
Transfer	47,370	-	-	-	2,528,127	(2,575,497)	-	-	-	-
At 31 December 2023	12,292,672	286,571	1,203,005	11,367,548	8,579,982	-	6,834,250	72,627,697	1,582,977	114,774,702
At 1 January 2024	12,292,672	286,571	1,203,005	11,367,548	8,579,982	-	6,834,250	72,627,697	1,582,977	114,774,702
Additions	2,590,775	125,226	274,573	93,548	-	-	1,353,250	13,210,843	117,135	17,765,350
Disposal	-	-	-	-	-	-	-	(9,442,939)	(337,160)	(9,780,099)
At 31 December 2024	14,883,447	411,797	1,477,578	11,461,096	8,579,982	-	8,187,500	76,395,601	1,362,952	122,759,953
Accumulated depreciation:										
At 1 January 2023	(7,240,504)	(140,477)	(824,947)	(10,189,189)	(4,931,416)	-	(5,095,820)	(39,811,570)	(1,154,936)	(69,388,859)
Charge for the year	(3,700,922)	(95,523)	(267,489)	(740,028)	(1,367,636)	-	(801,603)	(13,341,101)	(454,825)	(20,769,127)
Written back on disposal	47,370	-	-	-	-	-	-	10,164,499	1,067,795	11,279,664
At 31 December 2023	(10,894,056)	(236,000)	(1,092,436)	(10,929,217)	(6,299,052)	-	(5,897,423)	(42,988,172)	(541,966)	(78,878,322)
At 1 January 2024	(10,894,056)	(236,000)	(1,092,436)	(10,929,217)	(6,299,052)	-	(5,897,423)	(42,988,172)	(541,966)	(78,878,322)
Charge for the year	(232,469)	(9,566)	(15,955)	(92,220)	(595,526)	-	(586,313)	(14,286,772)	(337,311)	(16,156,132)
Written back on disposal	-	-	-	-	-	-	-	9,442,939	337,160	9,780,099
At 31 December 2024	(11,126,525)	(245,566)	(1,108,391)	(11,021,437)	(6,894,578)	-	(6,483,736)	(47,832,005)	(542,117)	(85,254,355)
Net book value:										
At 31 December 2024	3,756,922	166,231	369,187	439,659	1,685,404	-	1,703,764	28,563,596	820,835	37,505,598
At 31 December 2023	1,398,616	50,571	110,569	438,331	2,280,930	-	936,827	29,639,525	1,041,011	35,896,380

12 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)	28,563,596	29,639,525
Leasehold improvements		1,703,764	936,827
Equipment leased for own use	(ii)	820,835	1,041,011
		31,088,195	31,617,363

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	14,286,772	13,341,101
Leasehold improvements	586,313	801,603
Equipment leased for own use	337,311	454,825
	15,210,396	14,597,529
Interest on lease liabilities	1,959,136	2,076,641

(i) Properties leased for own use

The Company leases office premises under leases expiring in 1 to 3 years.

(ii) Equipment leased for own use

The Company leases office equipment under leases expiring in 1 to 4 years.

13 Intangible assets

	Software development HK$	*Work-in-progress* HK$	*Total* HK$
Cost:			
At 1 January 2023	44,245,476	626,219	44,871,695
Additions	8,554,602	-	8,554,602
Transfer from Work-in-progress to software development	626,219	(626,219)	-
At 31 December 2023	53,426,297	-	53,426,297
At 1 January 2024	53,426,297	-	53,426,297
Additions	11,120,124	-	11,120,124
At 31 December 2024	64,546,421	-	64,546,421
Accumulated amortisation:			
At 1 January 2023	(16,965,269)	-	(16,965,269)
Charge for the year	(6,979,992)	-	(6,979,992)
At 31 December 2023	(23,945,261)	-	(23,945,261)
At 1 January 2024	(23,945,261)	-	(23,945,261)
Charge for the year	(4,455,886)	-	(4,455,886)
At 31 December 2024	(28,401,147)	-	(28,401,147)
Net book value:			
At 31 December 2024	36,145,274	-	36,145,274
At 31 December 2023	29,481,036	-	29,481,036

14 Investments

	2024	*2023*
	HK$	HK$
Equity securities at FVPL		
Listed in Hong Kong	1,162,224,640	651,584,320
Listed outside Hong Kong	186,691,997	342,011,548
Unlisted outside Hong Kong	100,000,000	100,000,000
	1,448,916,637	1,093,595,868
Debt securities at FVPL		
Listed outside Hong Kong	5,714,653,027	2,150,837,548
Total investments	7,163,569,664	3,244,433,416

15 Deposits, prepayments and other receivables

	2024	*2023*
	HK$	HK$
Deposits	6,600,620	5,718,298
Prepayments	2,960,713	2,776,344
Investment receivables	79,061,148	23,804,742
	88,622,481	32,299,384

The deposits and prepayments are unsecured.

16 Lease receivables

In 2021, the Company has entered into a sublease arrangement of its leased properties. As at 31 December 2024, the carrying amount of the related finance lease receivables was HK$5,739,266 (2023: HK$4,300,096).

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

	31 December 2024		*31 December 2023*	
	Present value of the minimum lease payments HK$	*Total minimum lease payments* HK$	*Present value of the minimum lease payments* HK$	*Total minimum lease payments* HK$
Within 1 year	3,361,130	3,557,074	2,065,449	2,097,289
After 1 year but within 2 years	1,969,493	2,020,926	960,768	1,033,313
After 2 years but within 5 years	408,643	411,863	1,273,879	1,454,130
After 5 years	-	-	-	-
	2,378,136	2,432,789	2,234,647	2,487,443
	5,739,266	5,989,863	4,300,096	4,584,732
Less: Unearned finance income		(250,597)		(284,636)
Present value of lease receivable		5,739,266		4,300,096

17 Deposits at bank with original maturity of more than three months, cash and cash equivalents and other cash flow information

(a) Deposits at bank with original maturity of more than three months and cash and cash equivalents comprise:

	2024 HK$	*2023* HK$
Gross deposits at banks with original maturity of more than three months	-	52,048,362
Less: Expected credit loss allowance	-	-
Net deposits at banks with original maturity of more than three months	-	52,048,362
Current and savings accounts	238,357,462	161,099,914
Cash and cash equivalents	238,357,462	161,099,914

(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.

	2024 HK$	*2023* HK$
At 1 January	39,110,920	47,729,799
Changes from financing cash flows:		
Capital element of lease rentals paid	(18,070,402)	(17,131,895)
Interest element of lease rentals paid	(1,959,136)	(2,076,641)
Total changes from financing cash flows	(20,029,538)	(19,208,536)
Other changes:		
Increase in lease liabilities from entering into new leases during the period	18,141,666	8,265,444
Interest expenses	1,959,136	2,076,641
Increase in lease liabilities from lease modification	-	247,572
Total other changes	20,100,802	10,589,657
At 31 December	39,182,184	39,110,920

17 Deposits at bank with original maturity of more than three months, cash and cash equivalents and other cash flow information (continued)

(c) Total cash outflow for leases

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

	2024 HK$	*2023* HK$
Within operating cash flows	-	-
Within financing cash flows	(20,029,538)	(19,208,536)
	(20,029,538)	(19,208,536)

18 Insurance and reinsurance contracts

	At 31 December 2024 HK$	*At 31 December 2023* HK$
Insurance contracts		
Insurance contract liabilities	5,926,782,454	2,221,549,304
	5,926,782,454	2,221,549,304
Reinsurance contracts		
Reinsurance contract assets	49,641,331	103,665,781
	49,641,331	103,665,781

18 Insurance and reinsurance contracts (continued)

(a) *Insurance contracts*

Analysis by remaining coverage and incurred claims

	2024				2023			
	Liabilities for remaining coverage				*Liabilities for remaining coverage*			
	Excluding loss component HK$	*Loss component HK$*	*Liabilities for incurred claims HK$*	*Total HK$*	*Excluding loss component HK$*	*Loss component HK$*	*Liabilities for incurred claims HK$*	*Total HK$*
Insurance contract liabilities as at 1 Jan	1,896,910,399	316,703,841	7,935,064	2,221,549,304	868,226,009	138,805,259	83,138,817	1,090,170,085
Insurance revenue	(29,833,818)	-	-	(29,833,818)	(2,214,547)	-	-	(2,214,547)
Insurance services expenses								
- Incurred claims and other insurance services expenses	-	449,738	27,706,988	28,156,726	-	(4,701,851)	18,169,426	13,467,575
- Amortisation of insurance acquisition cash flows	9,026,158	-	-	9,026,158	1,139,306	-	-	1,139,306
- Losses and reversals of losses on onerous contracts	-	(121,415,990)	-	(121,415,990)	-	164,252,102	-	164,252,102
- Adjustments to liabilities for incurred claims	-	-	2,103,678	2,103,678	-	-	937	937
Investment components and premium refunds	(138,097,492)	-	138,097,492	-	(26,868,735)	-	26,868,735	-
Insurance service result								
Net finance expenses from insurance contracts	361,208,218	13,430,284	75,804	374,714,306	92,900,487	18,348,331	1,190,870	112,439,688
Effect of movements in exchange rates	(27,885,754)	(2,770,167)	(191,192)	(30,847,113)	-	-	-	-
Total changes in the statement of profit or loss	174,417,312	(110,306,135)	167,792,770	231,903,947	64,956,511	177,898,582	46,229,968	289,085,061
Premiums received	3,967,386,469	-	-	3,967,386,469	1,072,008,054	-	-	1,072,008,054
Claims and other insurance service expenses paid, including investment components	-	-	(154,980,512)	(154,980,512)	-	-	(121,433,721)	(121,433,721)
Insurance acquisition cash flows	(339,076,754)	-	-	(339,076,754)	(108,280,175)	-	-	(108,280,175)
Total cash flows	3,628,309,715	-	(154,980,512)	3,473,329,203	963,727,879	-	(121,433,721)	842,294,158
Insurance contract liabilities as at 31 Dec	5,699,637,426	206,397,706	20,747,322	5,926,782,454	1,896,910,399	316,703,841	7,935,064	2,221,549,304

18 Insurance and reinsurance contracts (continued)

(a) Insurance contracts (continued)

Analysis by measurement component

	2024				*2023*			
	Estimates of present value of future cash flows HK$	*Risk adjustment for non-financial risk HK$*	*CSM HK$*	*Total HK$*	*Estimates of present value of future cash flows HK$*	*Risk adjustment for non-financial risk HK$*	*CSM HK$*	*Total HK$*
Opening assets	-	-	-	-	(397,704)	350,747	-	(46,957)
Opening liabilities	2,204,648,676	5,173,861	11,726,767	2,221,549,304	1,088,418,385	1,370,515	428,142	1,090,217,042
Net opening balance	2,204,648,676	5,173,861	11,726,767	2,221,549,304	1,088,020,681	1,721,262	428,142	1,090,170,085
Changes in the statement of profit or loss and OCI								
Changes that relate to current services								
CSM recognised for services provided	-	-	(16,240,883)	(16,240,883)	-	-	(159,762)	(159,762)
Change in risk adjustment for non-financial risk for risk expired	-	(220,603)	-	(220,603)	-	(83,143)	-	(83,143)
Experience adjustments	23,810,554	-	-	23,810,554	12,635,239	-	-	12,635,239
Changes that relate to future services								
Contracts initially recognised in the year	(86,223,701)	12,118,748	154,676,507	80,571,554	(39,972,274)	3,600,559	60,116,752	23,745,037
Changes in estimates that adjust the CSM	(212,032,236)	1,250,992	210,781,244	-	49,554,622	(269,344)	(49,285,278)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(203,908,307)	1,920,761	-	(201,987,546)	140,302,754	204,311	-	140,507,065
Changes that relate to past services								
Adjustments to liabilities for incurred claims	2,103,678	-	-	2,103,678	937	-	-	937
Insurance service result								
Net finance expenses from insurance contracts	372,180,168	61,677	2,472,461	374,714,306	111,812,559	216	626,913	112,439,688
Effect of movements in exchange rates	(30,543,037)	(70,658)	(233,418)	(30,847,113)	-	-	-	-
Total changes in the statement of profit or loss and OCI	(134,612,881)	15,060,917	351,455,911	231,903,947	274,333,837	3,452,599	11,298,625	289,085,061
Cash flows	3,473,329,203	-	-	3,473,329,203	842,294,158	-	-	842,294,158
Net closing balance	5,543,364,998	20,234,778	363,182,678	5,926,782,454	2,204,648,676	5,173,861	11,726,767	2,221,549,304
Closing assets	-	-	-	-	-	-	-	-
Closing liabilities	5,543,364,998	20,234,778	363,182,678	5,926,782,454	2,204,648,676	5,173,861	11,726,767	2,221,549,304
Net closing balance	5,543,364,998	20,234,778	363,182,678	5,926,782,454	2,204,648,676	5,173,861	11,726,767	2,221,549,304

18 Insurance and reinsurance contracts (continued)

(b) Reinsurance contracts

Analysis by remaining coverage and incurred claims

	2024				2023			
	Assets for remaining coverage				*Assets for remaining coverage*			
	Excluding loss-recovery component HK$	*Loss-recovery component HK$*	*Assets for incurred claims HK$*	*Total HK$*	*Excluding loss-recovery component HK$*	*Loss-recovery component HK$*	*Assets for incurred claims HK$*	*Total HK$*
Reinsurance contract assets as at 1 Jan	99,199,706	-	4,466,075	103,665,781	88,228,249	-	4,471,925	92,700,174
Changes in the statement of profit or loss and OCI								
Allocation of reinsurance premiums paid	2,193,368	-	-	2,193,368	7,190,367	-	-	7,190,367
Amounts recoverable from reinsurers								
Recoveries of incurred claims and other insurance service expenses	-	-	28,365	28,365	-	-	289,760	289,760
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-	-	-	-
Investment components and premium refunds	(83,214,440)	-	83,214,440	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	(42,819)	-	-	(42,819)	-	-	-	-
Net expenses from reinsurance contracts								
Net finance income from reinsurance contracts	6,702,293	-	-	6,702,293	3,562,495	-	9,011	3,571,506
Effect of movements in exchange rates	(330,687)	-	(86,016)	(416,703)	-	-	-	-
Total changes in the statement of profit or loss and OCI	(74,692,285)	-	83,156,789	8,464,504	10,752,862	-	298,771	11,051,633
Cash flows								
Premiums paid	123,489	-	-	123,489	218,595	-	-	218,595
Amounts received	-	-	(62,612,443)	(62,612,443)	-	-	(304,621)	(304,621)
Total cash flows	123,489	-	(62,612,443)	(62,488,954)	218,595	-	(304,621)	(86,026)
Reinsurance contract assets as at 31 Dec	24,630,910	-	25,010,421	49,641,331	99,199,706	-	4,466,075	103,665,781
Reinsurance contract liabilities as at 31 Dec	-	-	-	-	-	-	-	-

18 Insurance and reinsurance contracts (continued)

(b) Reinsurance contracts (continued)

Analysis by measurement component

	2024				2023			
	Estimates of present value of future cash flows HK$	*Risk adjustment for non-financial risk HK$*	*CSM HK$*	*Total HK$*	*Estimates of present value of future cash flows HK$*	*Risk adjustment for non-financial risk HK$*	*CSM HK$*	*Total HK$*
Opening assets	97,959,890	(574)	5,706,465	103,665,781	94,555,528	(2,074)	(1,686,287)	92,867,167
Opening liabilities	-	-	-	-	(267,355)	-	100,362	(166,993)
Net opening balance	97,959,890	(574)	5,706,465	103,665,781	94,288,173	(2,074)	(1,585,925)	92,700,174
Changes in the statement of profit or loss and OCI								
Changes that relate to current services								
CSM recognised for services received	-	-	2,616,509	2,616,509	-		7,926,768	7,926,768
Change in risk adjustment for non-financial risk for risk expired	-	292	-	292	-	1,161	-	1,161
Experience adjustments	(395,117)	-	-	(395,117)	(447,802)	-	-	(447,802)
Changes that relate to future services								
Contracts initially recognised in the year	4,046	-	(4,046)	-	-	-	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(74,739,181)	(706)	(134,304)	(74,874,191)	-	-	-	-
Changes in estimates that adjust the CSM	83,066,153	988	-	83,067,141	255,033	345	(255,378)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	(7,870,301)	(7,870,301)	-	-	-	-
Changes that relate to past services								
Effect of changes in non-performance risk of reinsurers	(42,819)	-	-	(42,819)	-	-	-	-
Net expenses from reinsurance contracts								
Net finance income from reinsurance contracts	6,625,735	-	76,619	6,702,354	3,950,512	(6)	(379,000)	3,571,506
Effect of movements in exchange rates	(705,834)	1	(33,530)	(739,363)	-	-	-	-
Total changes in the statement of profit or loss and OCI	13,812,983	575	(5,349,053)	8,464,505	3,757,743	1,500	7,292,390	11,051,633
Cash flows	(62,488,955)	-	-	(62,488,955)	(86,026)	-	-	(86,026)
Net closing balance	49,283,918	1	357,412	49,641,331	97,959,890	(574)	5,706,465	103,665,781
Closing assets	49,283,918	1	357,412	49,641,331	97,959,890	(574)	5,706,465	103,665,781
Closing liabilities	-	-	-	-	-	-	-	-
Net closing balance	49,283,918	1	357,412	49,641,331	97,959,890	(574)	5,706,465	103,665,781

18 Insurance and reinsurance contracts (continued)

(c) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts during the year.

(i) Insurance contracts

	Profitable contracts issued HK$	*Onerous contracts issued* HK$	*Total* HK$
Year ended 31 December 2024			
Claims and other insurance service expense payable	1,857,623,788	1,788,825,031	3,646,448,819
Insurance acquisition cash flows	179,553,634	126,254,051	305,807,685
Estimate of present value of cash outflows	2,037,177,422	1,915,079,082	3,952,256,504
Estimates of present value of cash inflows	(2,198,540,596)	(1,838,940,705)	(4,037,481,301)
Risk adjustment for non-financial risk	6,686,667	5,432,081	12,118,748
CSM	154,676,507	-	154,676,507
Losses recognised on initial recognition	-	81,570,458	81,570,458
Year ended 31 December 2023			
Claims and other insurance service expense payable	648,940,975	316,384,711	965,325,686
Insurance acquisition cash flows	51,604,062	7,595,625	59,199,687
Estimate of present value of cash outflows	700,545,037	323,980,336	1,024,525,373
Estimates of present value of cash inflows	763,359,688	301,137,959	1,064,497,647
Risk adjustment for non-financial risk	2,697,898	902,661	3,600,559
CSM	60,116,752	-	60,116,752
Losses recognised on initial recognition	-	23,745,037	23,745,037

18 Insurance and reinsurance contracts (continued)

(c) Effect of contracts initially recognised in the year (continued)

(ii) Reinsurance contracts

	Reinsurance contracts held HK$
Balance as at 31 December 2024	
Estimates of present value of cash inflows	191,837
Estimates of present value of cash outflows	(195,883)
Risk adjustment for non-financial risk	-
Income recognised on initial recognition	-
CSM	(4,046)
Balance as at 31 December 2023	-
Estimates of present value of cash inflows	-
Estimates of present value of cash outflows	-
Risk adjustment for non-financial risk	-
Income recognised on initial recognition	-
CSM	-

(d) Contractual service margin

The following table sets out when the group expects to recognise the remaining CSM in profit or loss after the reporting date.

	31 December 2024				
	1 year or less HK$	*2 to 5 years* HK$	*5 to 10 years* HK$	*More than 10 years* HK$	*Total* HK$
Insurance contracts	-	5,560,365	-	357,622,313	363,182,678
Reinsurance contracts	261,253	-	39,095	57,064	357,412

	31 December 2023				
	1 year or less HK$	*2 to 5 years* HK$	*5 to 10 years* HK$	*More than 10 years* HK$	*Total* HK$
Insurance contracts	-	1,915,383	-	9,811,384	11,726,767
Reinsurance contracts	5,640,985	-	35,006	30,473	5,706,464

18 Insurance and reinsurance contracts (continued)

(e) Significant judgements and estimates

(i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;

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

- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;

18 Insurance and reinsurance contracts (continued)

(e) Significant judgements and estimates (continued)

(i) Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

- costs that the Company will incur in providing investment services; and
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognized in profit or loss as they are incurred.

Methodology and assumptions

(1) Mortality

Prudent mortality tables and industry mortality tables with margins are used (see note 5(b)). They are compared with the Company's internal mortality experience on a regular basis to ensure their appropriateness.

(2) Morbidity

Morbidity is based on the reinsurer's risk premiums which are relevant to its market experience (see note 5(b)). It is compared with the Company's internal morbidity experience on a regular basis to ensure its appropriateness.

18 Insurance and reinsurance contracts (continued)

(e) Significant judgements and estimates (continued)

(i) Fulfilment cash flows (continued)

Methodology and assumptions (continued)

(3) Discount rate

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 (forward yield) used are as follows:

	2024				
	1 year	*5 years*	*10 years*	*15 years*	*20 years*
Endowments and other Participating contracts					
USD	*4.46%*	*4.79%*	*5.13%*	*5.78%*	*5.42%*
HKD	*4.23%*	*3.91%*	*4.13%*	*4.22%*	*3.84%*
CNY	*1.43%*	*2.27%*	*2.23%*	*3.40%*	*4.06%*
Return of Premium and Qualified Deferred Annuity Policy contracts					
USD	4.69%	5.02%	5.36%	6.01%	5.65%
HKD	4.46%	4.14%	4.36%	4.45%	3.84%
CNY	1.66%	2.50%	2.46%	3.40%	4.06%
Pure Risk contract					
USD	4.11%	4.45%	N/A	N/A	N/A
HKD	3.88%	3.56%	N/A	N/A	N/A
CNY	1.08%	1.92%	N/A	N/A	N/A

18 Insurance and reinsurance contracts (continued)

(e) Significant judgements and estimates (continued)

(i) Fulfilment cash flows (continued)

Methodology and assumptions (continued)

(3) Discount rate (continued)

	2023				
	1 year	*5 years*	*10 years*	*15 years*	*20 years*
Endowments and other Participating contracts					
USD	5.67%	4.72%	4.59%	4.66%	4.98%
HKD	5.25%	4.52%	4.43%	4.47%	3.78%
CNY	2.83%	3.20%	3.43%	2.91%	3.19%
Return of Premium and Qualified Deferred Annuity Policy contracts					
USD	5.71%	4.77%	4.64%	4.71%	5.03%
HKD	5.29%	4.57%	4.48%	4.52%	3.78%
CNY	2.87%	3.25%	3.47%	2.91%	3.19%
Pure Risk contract					
USD	4.92%	4.01%	N/A	N/A	N/A
HKD	4.50%	3.81%	N/A	N/A	N/A
CNY	2.09%	2.49%	N/A	N/A	N/A

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the group would require for bearing non-financial risk.

The risk adjustments for non-financial risk are determined using 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.

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.

18 Insurance and reinsurance contracts (continued)

(e) Significant judgements and estimates

(ii) Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period.

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Company generally considers the selling prices for the services had they been offered on a stand-alone basis and adjusts the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when the Company sells that service separately to policyholders with similar characteristics.

19 Other payables and accruals

	2024 HK$	*2023* HK$
Accrued expenses	52,569,414	17,247,590
Other payables	35,209,976	6,161,525
	87,779,390	23,409,115

Other payables and accruals of HK$83,717,140 (2023: HK$21,538,865) are expected to be settled within one year.

20 Lease liabilities

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

	31 December 2024		*31 December 2023*	
	Present value of the minimum lease payments HK$	*Total minimum lease payments* HK$	*Present value of the minimum lease payments* HK$	*Total minimum lease payments* HK$
Within 1 year	19,375,544	20,791,245	15,448,497	15,769,860
After 1 year but within 2 years	14,072,699	14,647,482	11,380,292	12,220,941
After 2 years but within 5 years	5,733,941	5,801,417	12,282,131	14,045,668
After 5 years			-	-
	19,806,640	20,448,899	23,662,423	26,266,609
	39,182,184	41,240,144	39,110,920	42,036,469
Less: total future interest expenses		(2,057,960)		(2,925,549)
Present value of lease liabilities		39,182,184		39,110,920

21 Amounts due from the immediate holding company

The amounts due from the immediate holding company are unsecured, interest free and repayable on demand.

22 Amounts due from a fellow subsidiary and a related company

The amounts due from a fellow subsidiary and a related company are unsecured, interest free and settled on demand.

23 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	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

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.

24 Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for policyholders, by pricing products and services commensurately with the level of risk.

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

Consistent with industry practice, the Company monitors its capital structure to comply with the applicable capital and solvency requirements under the Insurance Ordinance. During 2024, the Company complied with the capital and solvency requirements under the Insurance Ordinance.

25 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 reimbursed to the immediate holding company	2,193,000	1,435,000
Expense reimbursed from a fellow subsidiary	4,348,972	4,159,633
Expense reimbursed to a related company	46,044	52,893
Licence fee paid to a related company	120,000	120,000
Lease payment received from a fellow subsidiary	2,423,778	2,395,391
Lease payment received from a related company	1,218,615	1,250,702
Lease payment paid to a related company	611,820	641,752
Outstanding balances at the end of the reporting period		
Amounts due from the immediate holding company	1,327,247	1,091,997
Amounts due from a fellow subsidiary	1,955,019	3,416,004
Amounts due from a related company	3,004,143	2,556,999

26 Immediate parent and ultimate controlling party

At 31 December 2024, the directors consider Well Link Insurance Group Holdings Limited to be the immediate parent and ultimate controlling party of the Company, which is incorporated in Hong Kong.

27 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 2026
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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.