亞洲金融
ASIA FINANCIAL

A Trusted Partner in Asia

Stock Code: 662
www.afh.hk

ANNUAL REPORT 2024

Contents

Corporate Information

Board of Directors

Executive Directors
CHAN Bernard Charnwut *(Chairman and President)*
TAN Stephen
WONG Kok Ho

Non-Executive Directors
KAWAUCHI Yuji
TATEGAMI Susumu

Independent Non-Executive Directors
AU YANG Chi Chun Evan
NGAN Edith Manling
LI Lu Jen Laurence

Audit Committee

NGAN Edith Manling *(Chairperson)*
AU YANG Chi Chun Evan
LI Lu Jen Laurence

Compliance Committee

AU YANG Chi Chun Evan *(Chairperson)*
NGAN Edith Manling
LI Lu Jen Laurence
CHAN Bernard Charnwut
TAN Stephen

Remuneration Committee

LI Lu Jen Laurence *(Chairperson)*
AU YANG Chi Chun Evan
NGAN Edith Manling
CHAN Bernard Charnwut
WONG Kok Ho

Nomination Committee

AU YANG Chi Chun Evan *(Chairperson)*
NGAN Edith Manling
LI Lu Jen Laurence
CHAN Bernard Charnwut
WONG Kok Ho

Risk Committee

LI Lu Jen Laurence *(Chairperson)*
AU YANG Chi Chun Evan
NGAN Edith Manling
CHAN Bernard Charnwut
WONG Kok Ho

Company Secretary

CHIANG Yuet Wah Connie

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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19 Des Voeux Road Central
Hong Kong
Telephone : (852) 3606 9200
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Principal Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

Principal Bankers

Bangkok Bank Public Company Limited
Hang Seng Bank Limited
Public Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited

Legal Advisers

Conyers Dill & Pearman
Deacons
Gallant
P. C. Woo & Co.

Share Listing

Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 662

Financial Highlights

	2024	2023	Change %
FOR THE YEAR ***(in HK$ million)***			
Insurance revenue	**3,291.5**	2,456.4	+34.0%
Insurance service result	**435.7**	308.2	+41.4%
Finance expense from insurance contracts issued	**(97.1)**	(134.7)	+27.9%
Finance income from reinsurance contracts held	**31.2**	43.3	–27.9%
Insurance operating result	**369.8**	216.8	+70.5%
Dividend income	**154.4**	173.7	–11.1%
Realised gain on investments	**55.2**	24.4	+125.9%
Unrealised gain on investments	**149.5**	59.9	+149.5%
Shared of profits or losses of joint ventures & associates	**88.9**	(46.0)	+293.2%
Profit attributable to equity holders of the Company	**647.1**	346.8	+86.6%
AT 31ST DECEMBER ***(in HK$ million)***			
Total assets	**16,333.6**	15,035.4	+8.6%
Total liabilities	**4,655.6**	4,286.6	+8.6%
Equity attributable to equity holders of the Company	**11,678.0**	10,748.8	+8.6%
PER SHARE ***(in HK cents)***			
Earnings per share - basic and diluted	**69.7**	37.2	+87.4%
Interim dividend per share	**5.5**	4.0	+37.5%
Final dividend per share	**9.0**	5.0	+80.0%
Total dividend per share	**14.5**	9.0	+61.1%
KEY RATIOS			
Return on average assets	**4.1%**	2.3%	
Return on average equity	**5.8%**	3.2%	

Chairman's Statement

Asia Financial Holdings Limited ("Asia Financial", "The Group," or "The Company") posted a net profit attributable to its shareholders of HK$647.1 million in 2024, a substantial 86.6% increase over the previous financial year.

The robust performance was fuelled by several key factors, including a commendable 34.0% year-on-year rise in our insurance revenue, coinciding with the 65th anniversary of our insurance business. This was aided partly by diversifying our overseas reinsurance activities.

Additionally, our trading investments delivered significant results with a 142.6% year-on-year growth, while most of our joint ventures and associates continued to provide steady returns.

The year was characterised by increasingly challenging geopolitical tensions, which impacted the local economy and business community in various ways. The property and retail sectors remained subdued.

Notwithstanding the soft market conditions, our insurance service results have been notable. Our strong performance is a testament to our outstanding reputation in the market and the robust relationships we have built with clients and key partners. This has been achieved through our unwavering commitment to professionalism and innovation in all aspects of our business practices and development strategies.

Despite moderate domestic and international economic growth and increased volatility in 2024, Asia Financial's investment strategy remained focused on blue-chip stocks and prudently retaining the adaptability to strategically adjust allocations to take advantage of market dynamics and maximise shareholder returns.

In response to the Federal Reserve's interest rate cuts, increased bond exposure enabled a shift from shorter-term deposits to longer-term fixed income to lock in higher yields. Our hedge fund exposure achieved double-digit results, while our private market investments showed modest performance.

Asia Financial views the outlook for 2025 with caution and tempered optimism. As the global economy gradually seeks a balance between growth and inflation, increasing geopolitical tensions between the United States and China will continue to shape the landscape. The threats of implementing a tariff war and dismantling supply chains by the incoming United States administration will fuel market uncertainty. However, tax cuts, financial deregulation and a tighter immigration policy are high on the agenda. The continuing conflict in Ukraine and the escalating tensions in the Middle East are significant concerns, and they are gravely impacting global stability. Natural disasters increased over the previous year, the majority of which were climate-related.

With decades of expertise and experience, Asia Financial will maintain its proactive and disciplined strategy to navigate changes in market dynamics. This approach will allow us to identify strategic opportunities and execute transactions efficiently. It will also enhance our risk management capabilities and enable us to capitalise effectively on emerging opportunities. Our commitment is to maximise sustainable returns for our stakeholders through strategic investments, leveraging our expertise and extensive networks to achieve mutual success.

CHAN Bernard Charnwut
Chairman and President

Economic Background

The global economy stabilised in 2024. According to the latest data from the International Monetary Fund ("IMF"), annual global growth remained steady at 3.2%. The IMF anticipates global inflation declining from 6.7% in 2023 to 5.8% in 2024 and down to 4.2% in 2025.

The IMF forecasts Gross Domestic Product ("GDP") to post 2024 growth of 4.8% for China and 3.2% for Hong Kong compared to 2.8% in the US and 1.6% in Europe.

Trading momentum for 2024 remained strong in the US, Japan, and domestically. The Dow Jones Industrial Average recorded a gain of 12.9% backed by robust foreign flows and accommodative interest rates, while Japan's Nikkei 225 Stock Average reached 19.2% supported by improving domestic demand and positive shareholder reform. The equity markets in China and Hong Kong experienced a rebound, with the MSCI China Index increasing by 15.7% and the Hang Seng Index achieving a 17.7% increase. This upturn in the Chinese and Hong Kong markets resulted from enhanced stimulus measures from the Chinese government and domestic capital inflows.

The Chinese economy began the year strong, stimulated by consumer spending, exports, and infrastructure investment. However, growth slowed mid-year due to weak business confidence, a sluggish property market, and lacklustre domestic demand. According to the latest IMF data, the economy is projected to grow by 4.8% in 2024. The central government has introduced additional stimulus measures to stimulate growth and is pursuing systemic market reforms and modernisation to support sustainable economic development.

The Hong Kong economy expanded moderately in 2024 against a challenging economic backdrop. The central government introduced various measures to benefit Hong Kong and stimulate the economy, the most visible of which was inbound tourism. Hong Kong's strategic position within the Greater Bay Area and its connections to the One Belt, One Road countries are expected to provide ongoing commercial opportunities and stimulate economic development. The commercial and residential real estate sectors remained challenging, resulting in a slowdown in private consumption and affecting retail sales.

Management Approach and Future Prospects

The global economy has shown remarkable resilience, providing a good foundation for growth in 2025. Consumers in developed markets remain robust, supported by fiscal tailwinds and easing monetary policy, while new technologies like artificial intelligence are unlocking fresh investment opportunities. However, China's weak housing market and sluggish consumer confidence are drags on its growth.

Global inflation, which declined in 2024, may resurface in 2025 due to rising tariffs and higher export prices from China. While policy rates in developed markets are expected to fall further, if inflationary pressures re-emerge, central banks may pause rate cuts earlier than anticipated, potentially extending the timeline for returning to neutral rates.

We will continue to build on our strengths, leveraging our extensive networks of clients and partners while maintaining a prudent and patient investment approach. A commitment to stability, resilience, and growth guides our strategic direction. By aligning with the evolving dynamics of our markets and communities, we are well-positioned to deliver long-term value to our stakeholders.

Management Approach and Future Prospects (cont'd)

Despite ongoing economic and geopolitical challenges and competitive pressures, we are on track to achieve another year of growth in the insurance sector. This success is driven by our relentless pursuit of operational excellence, the breadth of our product offerings, and the launch of innovative new ventures. We continue to expand and optimise our distribution channels, leveraging both traditional networks and direct sales to meet the evolving needs of our clients. Our ability to adapt and refine these channels ensures we remain at the forefront of market demands, positioning us for sustained growth in the years to come.

Our diversified and dynamic investment portfolio remains a cornerstone of our success. It equips us to adapt to changing economic conditions, seize new opportunities, and focus on long-term growth. This balanced approach is underpinned by a disciplined strategy that enables us to navigate uncertainty while safeguarding and enhancing shareholder returns.

Asia Financial's reputation as a trusted and respected brand remains a key competitive advantage. This strong foundation enables us to align our business with broader economic and societal shifts, particularly in response to the significant demographic changes occurring across the region. Our focus remains on delivering services that enhance the quality of life for our clients, whether through insurance, retirement planning, healthcare, or property development. We place particular emphasis on Hong Kong, Macau, Mainland China, and our growing reinsurance business internationally.

CHAN Bernard Charnwut
Chairman and President

Hong Kong, 26th March, 2025

Key Financial and Business Performance Indicators

(All changes in % refer to the same period last year)

Profit attributable to equity holders of the Company:	HK$647.1 million	+86.6%
Earnings per share:	HK69.7 cents	+87.4%
Final dividend per share:	HK9.0 cents	+80.0%
Total dividend per share:	HK14.5 cents	+61.1%
Equity attributable to equity holders of the Company:	HK$11,678.0 million	+8.6%
Total Assets:	HK$16,333.6 million	+8.6%
Return on equity:	5.8% (3.2% for 2023)	

Earnings and Dividends

For the year ended 31st December, 2024, the Group recorded net profit attributable to shareholders of HK$647.1 million, representing a 86.6% increase compared with the previous year. Our growth was driven by several pivotal elements, notably the strong results of our insurance operations, which benefited from expanding our reinsurance business into new markets. Additionally, we achieved solid earnings from our trading investments, alongside steady returns from most of our joint ventures and associates.

The Group's earnings per share for 2024 were HK69.7 cents. In August 2024, the board declared an interim dividend of HK5.5 cents and proposed a final dividend of HK9.0 cents for a total dividend of HK14.5 cents per share for the year.

Capital Structure

The Group finances its working capital requirement through funds generated from operations.

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 31st December, 2024 amounted to HK$2,522,379,000 (31st December, 2023: HK$2,885,402,000).

The Group had no bank borrowing as at 31st December, 2024 and 31st December, 2023.

No gearing ratio was calculated as the Group had no net current debt as of 31st December, 2024. The gearing ratio was based on net current debt divided by total capital plus net current debt. Net current debt includes the current portion of insurance contract liabilities, amounts due to a joint venture and associates, and other liabilities, less cash and bank balances and financial assets at fair value through profit or loss. Capital represents equity attributable to the company's equity holders.

The Group's liquidity position remains strong, and the Group has sufficient financial resources to satisfy its commitment and working capital requirements.

Charge on Assets

As of 31st December, 2024, Asia Insurance Company, Limited charged assets with a carrying value of HK$111,541,000 (31st December, 2023: HK$110,614,000) in favour of a cedant to secure the performance of Asia Insurance's obligations to the cedant under certain pecuniary loss reinsurance contracts.

Contingent Liabilities

As of 31st December, 2024, the Group had no material contingent liabilities.

Business Review

Insurance

The group's wholly-owned subsidiary, Asia Insurance Company Limited ("Asia Insurance"), reported a net profit of HK$501.0 million for 2024, a 106.9% increase over the previous financial year.

Asia Insurance has delivered another successive year of historical growth despite increasing geopolitical challenges, economic uncertainties, and a soft domestic environment which notably affected our core market, small and medium-sized enterprises. Notwithstanding the challenging environment, insurance revenue increased by 34.0% over the 2023 financial year.

Our solid performance reflects our exceptional reputation, the depth and strength of our client relationships, and core business partnerships, which we have tirelessly developed over the past 65 years and cultivated through our consistently professional and innovative approach to business operations and development.

We maintain the highest client service and corporate governance standards and have achieved tactical and strategic diversification. Our focus on key growth areas, coupled with the successful execution of well-targeted new business development strategies, underscores our commitment to excellence.

We continue diversifying our insurance offerings, including health, life, and property insurance, through various tenders, distribution channels, and markets, highlighting our commitment to growth. Our international reinsurance operations and online platforms have performed well and met management's expectations. Our diligent risk management strategies and unwavering commitment to a diversified business model have proven effective. Despite typhoons and black rainstorms, Asia Insurance was largely unaffected by significant weather events. Overall, our insurance services have been deemed satisfactory.

Asia Insurance's operating expenses align with our planned budget and projections for this financial year. We have driven strategic growth by improving corporate sales and marketing activities, onboarding new agents, brokers, and partners, winning various tenders and establishing robust online digital platforms. Additionally, we have effectively strengthened our partnerships in the insurance and banking industries while actively seeking to develop further business distribution channels.

Our ongoing commitment to investing in technology, system improvements, and cybersecurity highlights our dedication to consistently evaluating and refining our business processes. This approach increases operational efficiency and enhances our ability to pursue new business opportunities, attract clients, and seamlessly enhance the overall client experience. We successfully transitioned to a new core system in Macau leveraging digital transformation and process optimisation.

Our insurance service result experienced a notable increase of 40.7% compared to the previous year, and the outlook for Asia Insurance's core operations in 2025 appears favourable. Much of our growth has also come from diversifying our overseas reinsurance activities.

Business Review (cont'd)

Insurance (cont'd)

Our 2024 results have reinforced our position as one of Hong Kong's leading insurance providers, and we are backed by an "A" S&P rating.

All of the above figures are before elimination of group transactions.

Asia Insurance continues to proactively prepare for future shifts in client needs and market dynamics by pursuing innovations across our product range. We will continue to integrate potential risk factors into our strategic planning, mindful of the uncertainties in the global and regional economies that could induce downturns in specific market sectors. Our commitment to balanced growth hinges on our adept risk management and steadfast dedication to a diverse business portfolio.

Given the current climate of intense competition and regional economic volatility, risks such as increased cost sensitivity among clients and the possibility of business reductions due to economic pressures are evident. We will continue our rigorous underwriting practices to enhance our business structure and ensure our risk management remains robust and adaptable.

We are committed to our employees' continuous training and development, integrating overseas training opportunities and secondments with our joint venture partners and shareholders. This comprehensive approach enhances staff retention and establishes a strong foundation for effective succession planning. Additionally, we have strategically brought high-calibre professionals who contribute specialised expertise and diverse viewpoints, further enriching our organisation's capabilities. These strategic initiatives ensure we are well-equipped to meet evolving client demands and effectively navigate changing market conditions.

As a leader in Hong Kong's general insurance sector, Asia Insurance anticipates sustained growth, further cementing our distinguished reputation for excellence in service and professionalism. We are poised to capitalise on potential opportunities emerging from the progression of the Central Government's "Greater Bay Area" plan, which aims to foster deeper integration among the Pearl River Delta regions. We anticipate this initiative will create favourable conditions for our business expansion and enable us to tap into new markets and collaborations within the Greater Bay Area.

Our investments produced both realised and unrealised returns in 2024. Contributions from our strategic joint ventures and associated entities significantly enhanced the insurance segment's performance. BC Reinsurance Limited and Professional Liability Underwriting Services Limited showcased steady profitability during this period. Conversely, Hong Kong Life Insurance Limited and Avo Insurance Company Limited experienced a lower loss for the year.

Asia Financial holds a 5% equity interest in PICC Life Insurance Company Limited ("PICC Life"), part of the esteemed PICC Group, a Fortune Global 500 company and ranked 7th on the Global Insurance 100 list for 2024. PICC Life benefits from a vast network of branch offices nationwide, crucial for its market penetration and solid financial stability.

Business Review (cont'd)

Other Portfolio Investment

Our trading investments were mainly allocated in developed and select emerging markets. Trading performance was generated across blue-chip asset classes, including value-oriented equities, investment-grade fixed-income bonds, and diversified alternative investments. All the key indices performed positively.

Our primary focus throughout the year was on developed markets, particularly the United States, Japan, and Europe. In the second half of the year, we strategically adjusted our portfolio and tactically reallocated funds to Hong Kong and China, which proved beneficial, as these markets performed strongly by year-end.

Our long-term strategic holdings also generated robust dividend income, bolstering overall investment returns. We actively managed our fixed-income portfolio in response to the Federal Reserve's interest rate cuts, increasing our bond exposure by shifting from short-term deposits to longer-term securities to lock in higher yields. Although our activity in alternative investments was relatively limited, our hedge fund investments performed impressively, achieving double-digit returns.

This balanced strategy of combining active trading with strategic holdings has been a crucial differentiator. It provides insulation against market volatility and geopolitical challenges while ensuring resilient investment performance. We continue refining our portfolio to enhance risk-adjusted returns and generate sustainable shareholder value.

Looking ahead to 2025, we anticipate a more challenging and volatile investment landscape due to shifts in leadership in the United States, Europe, and parts of Asia. Geopolitical tensions remain a concern, but we remain optimistic about our overall investment strategy. We will monitor market conditions closely and adjust our strategies as necessary, ensuring we remain well-positioned for future growth.

Health Care and Wellness

Our 4.7% strategic investment in Bumrungrad Hospital Public Company Limited ("Bumrungrad Hospital") is our most significant investment in listed equities.

Bumrungrad Hospital, headquartered in Bangkok, has been a global healthcare leader for nearly four decades, serving over 1.1 million patients from more than 190 countries annually. As one of Southeast Asia's largest private hospitals, it is the first non-US facility to earn Global Healthcare Accreditation with Excellence, ensuring top quality and safety for international patients. With over 1,300 doctors and 4,800 support staff, Bumrungrad Hospital offers integrated care through multidisciplinary teams. It recently expanded its Precision Medicine department to provide personalised cancer treatments and cutting-edge therapies from the US and Europe.

Bumrungrad Hospital's share price decreased by 10.1% in Thai Baht terms and 10.6% in Hong Kong Dollar terms, reflecting the depreciation of the Thai Baht against other major currencies.

Due to the growing global demand for high-quality, culturally tailored medical tourism services, the hospital is poised to build upon its strong international reputation and deliver sustained growth. Approximately two-thirds of Bumrungrad Hospital's revenue is generated from non-Thai patients.

In 2024, tourism accounted for approximately 10% of Thailand's GDP and generated revenue of over 1.8 trillion Thai Baht or about HK$414 billion from more than 35 million foreign visitors. The outlook for 2025 remains positive, suggesting continued growth in this sector.

Business Review (cont'd)

Pension and Asset Management

Our joint venture, Bank Consortium Holding Limited, has again provided consistently stable and healthy profits. Its wholly-owned subsidiary, Bank Consortium Trust Company Limited, has established itself as one of the leading providers of Mandatory Provident Fund services in Hong Kong. Its exceptional performance, commitment to service excellence, and innovative offerings have consistently attracted and retained a strong client base.

The Group also holds a 10% stake in BBL Asset Management Company Limited ("BBLAM") since 1992, a well-diversified investment management firm based in Thailand. As a versatile provider of investment services, BBLAM offers a wide array of capabilities, including asset management, equities, fixed income, specialised investment strategies, financial planning, and advisory services. Its expertise and diverse product offerings allow it to adeptly navigate the ever-changing market landscape, ensuring consistent and stable returns from this strategic investment. It has continued to declare good dividend for the past several years.

Property Development

Our commitment to the real estate sector in Shanghai remains a consistent element of our asset portfolio, accounting for 3.9% of our total assets.

In the first quarter of 2024, we began promoting stage four of our flagship mixed-use development in Jiading District, where we maintain a 27.5% stake. Although we encountered moderate sales midyear, government stimulus measures and banks easing mortgage conditions helped stabilise the property market and stimulate buyer interest, resulting in solid sales in the final quarter. We remain optimistic about this trend continuing into 2025, and we sold 55% of the units in the final phase.

All previous phases have sold out, substantially contributing to our profitability. This success highlights our dedication to innovative urban development and our pursuit of excellence.

Our 60,000-square-meter mixed-use project in the Qingpu District is progressing steadily, with strong market interest. We expect this positive trend to continue into 2025. In the first phase of sales, which includes 270 units across three towers, we have sold over 50% of the units.

We are also in the design phase for the 21,000-square-meter land parcel we acquired in the Qinqpu District in December 2024.

Shanghai's real estate market is showing early signs of recovery, and we remain cautiously optimistic about the rise in demand for homeownership.

Business Review (cont'd)

Securities Investments Representing More than 5% of Total Assets

As of 31st December, 2024, there were two securities investments, each represented above 5% of the Group's total assets:

Holding	No. of shares *(in thousand)*	Investment cost *(HK$'million)*	Fair value as at 31st December, 2024 *(HK$'million)*	% of total Group assets	Realised and unrealised gain/(loss) in year 2024 *(HK$'million)*	Dividends received in year 2024 *(HK$'million)*
PICC Life	1,288,055	1,522	2,930	17.9%	760	18
Bumrungrad Hospital	37,636	533	1,703	10.4%	(203)	42

Both investments are primarily long-term strategic holdings.

Compliance with Laws and Regulations

The Group takes active steps to ensure compliance with all relevant laws and regulations in all jurisdictions in which it operates and recognises the risks of non-compliance. It dedicates sufficient resources and personnel to ensure such compliance and to maintain adequate liaison and communication with regulatory authorities. We believe that the risks attached to non-compliance are low.

Principal Risks and Uncertainties

The Group faces several key primary risks: credit, equity price, insurance, interest rate, liquidity, foreign exchange, market, and operational risks. Comprehensive information on these key risks and the strategies to mitigate them is detailed in the note 34 "Financial Risk Management Objectives and Policies" to the consolidated financial statements of the Group in this annual report.

Stakeholders

Asia Financial understands and respects the importance of its relationships with employees, customers, suppliers, investors, regulators, members of the communities in which we operate, and other stakeholders whose actions can affect the company's performance and value.

Stakeholders (cont'd)

Employees

The Company acknowledges that a skilled and motivated workforce is essential for achieving its objectives. Consequently, our human resources policy emphasises cultivating, recognising, and rewarding high performance through effective training programmes, evaluations, and compensation strategies. We are confident in our ability to attract talented and qualified individuals, and we believe the risks associated with reliance on key personnel are manageable.

Customers

The Company's main clients are insurance policyholders. Excellent customer service and a wide selection of products are critical to our consistent underwriting profitability. Our risk management practices include diversifying our client base and avoiding over-dependence on core clients.

Shareholders

The company is dedicated to generating value for our shareholders, an integral goal of every aspect of our operations and investment endeavours.

Employees and Remuneration Policy

As of 31st December, 2024, the total number of employees of the Group was 374 (31st December, 2023: 352). Employee compensation was determined by individual performance, level of experience, and prevailing industry practices. The employee remuneration package encompasses salary and discretionary bonus, contingent upon the Group's results and each employee's performance. There was no share option scheme in operation during the year. The Group provides comprehensive medical and retirement benefits to all staff members. Additionally, a range of training and induction programs are available to the Group's employees.

The Group's remuneration policy is formulated and recommended by the Remuneration Committee for the Board's approval. The Remuneration Committee's responsibilities include reviewing and approving the management's remuneration proposals and making recommendations to the Board on adjustments to remuneration packages payable to directors, senior management, and employees of the Group.

A. About This Report

A1. Reporting Standard

This Environmental, Social and Governance ("ESG") Report provides details on Asia Financial Group's ("Asia Financial", the "Company", or the "Group") responsible, sustainable, and ethical business practices during the reporting period. It was prepared in accordance with the Appendix C2 "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("HKEX"), including "comply and explain" provisions set out in the ESG Reporting Guide.

A2. Reporting Scope and Boundary

Unless otherwise specified, the scope and boundary of this report are the same as in Asia Financial's 2024 Annual Report, which covers Asia Financial Holdings Ltd. and all its wholly owned subsidiaries including, but not limited to, all branches and representative offices of Asia Insurance Company, Ltd.. Where applicable, ESG data are reported separately for Asia Financial Holdings Ltd. ("AFH") and Asia Insurance Company, Ltd. ("AI"), then in combination as Asia Financial Group ("Asia Financial").

A3. Reporting Principles

Asia Financial adheres to the following ESG reporting principles in preparation and presentation of materials in this ESG report:

<table>
<tr><td>Materiality:</td><td colspan="2">Stakeholder engagement and materiality assessment (see section C1) were conducted to develop and prioritize the most prominent economic, environmental, and social factors that concern our stakeholders and Asia Financial's Management, who in turn establish short, medium to long-term strategies to tackle ESG issues.</td></tr>
<tr><td rowspan="6">Quantitative:</td><td colspan="2">Quantitative methods and metrics are utilized and presented throughout this ESG report whenever feasible to keep track of, compare, and evaluate our ESG performance over the years. Quantitative information is accompanied by qualitative narratives to explain its purpose, impacts, and provide comparative data where appropriate.</td></tr>
<tr><th>Type of emission data</th><th>Sources and calculation tools</th></tr>
<tr><td>Emission factors for scope 1, scope 3 (paper consumption only) & air pollutants</td><td>Appendix 2 Reporting Guide on Environmental KPIs of How to prepare an ESG Report? issued by HKEX</td></tr>
<tr><td>Emission factors (EF) for scope 2 electricity consumption</td><td>EF published by HK Electric Investments Limited and CLP Power Hong Kong Limited respectively</td></tr>
<tr><td>Emission factors for scope 3 (overseas business travel only)</td><td>Cathay Pacific's Offset your carbon emissions calculator and International Civil Aviation Organization's Carbon emissions calculator</td></tr>
<tr><td>Global Warming Potential (GWP) values</td><td>Greenhouse Gas Protocol's adaptation of Intergovernmental Panel on Climate Change's (IPCC) fourth, fifth and sixth assessment reports</td></tr>
</table>

A. About This Report (cont'd)

A3. Reporting Principles (cont'd)

Balance:	This ESG report provides an accurate and unbiased picture of Asia Financial's ESG performance that identifies both areas of success and notable achievements, as well as areas of improvements and challenges.
Consistency:	Assessment of ESG performances is enhanced in 2024 to ensure consistency across Asia Financial and alignment with evolving emission calculation methods. Changes to methodology are as follow: – Base year for comparison will be 2019 instead of 2009 as it aims to present a more accurate reflection of the current measurement on greenhouse gases ("GHG") with a more recent and meaningful base for comparison; – Data collection and calculation method for scopes 1, 2, & 3 are aligned across Asia Financial for consistency purpose; – Emission data from 2019 to 2023 are restated in this ESG report using quantitative methodologies outlined above as it aims to enhance standardization and market consistency. Asia Financial continues to report AFH and AI figures respectively on top of consolidated Group figures in order to highlight the differences in business nature and more effectively customize ESG measures that are applicable to Asia Financial's businesses.

B. Board Statement on ESG Oversight

Environmental, social and governance ("ESG") management continues to play a prominent role within business strategies, particularly in areas such as business health, operations, and risk management. Businesses from all sectors and investors alike are paying closer attention to ESG performance and transparency of climate-related disclosures as one of the factors when it comes to investment or purchase decisions. As the International Financial Reporting Standards ("IFRS") Foundation's International Sustainability Standard Board ("ISSB") inaugural global sustainability disclosure standard IFRS S1 General Requirements for Disclosure ("IFRS S1") and IFRS S2 Climate-related Disclosure ("IFRS S2") came into effect, and Hong Kong Institute of Certified Public Accountants ("HKICPA") issued HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("HKFRS S1") and HKFRS S2 Climate-related Disclosure ("HKFRS S2") standards which an entity shall apply for annual reporting periods beginning on or after 1st August 2025, we must be prepared to meet both global and Hong Kong's regulatory bodies' requirements in corresponding fiscal year.

As the steward of our Company's long-term growth and performance, the Asia Financial Board ("the Board") plays the key role in ESG strategy and oversight. The Board and Management meet regularly to review and evaluate our ESG performance, identify opportunities for improvements, and create sustainable value for the Group's stakeholders. The Board has developed the following framework that allows us to best discover, assess, and oversee the Company's ESG progress within the existing corporate governance structure.

B. Board Statement on ESG Oversight (cont'd)

At the highest level, the Board has overall responsibility for ESG development and performances and does so during Compliance Committee meetings. During these meetings, Directors can assess ESG in relation to risk and compliance strategies, and to determine whether the Company's existing risk identification processes are sufficient in uncovering ESG-related physical, financial and transitional risks. Directors will work closely with Management to develop strategies to continually improve ESG performances and to ensure all risks are identified and sufficiently addressed. At the Management level, an ESG Working Committee was established to steer ESG developments within the Company and to ensure Asia Financial is well-prepared to meet HKEX's latest ESG Code's requirements effective 1st January 2025.

Moreover, the Board oversees Management's due diligence with respect to ESG issues. We ensure Management sufficiently engages with our stakeholders to determine ESG focus areas most relevant to our businesses. Directors actively participate in creating quantifiable and transparent ESG goals whenever possible and closely track Asia Financial's ESG progress.

The Compliance Committee will receive the following reports from Management and ESG Working Committee regarding ESG implementation and performance:

- Annual full ESG report in March reviewing ESG performances and recommending future strategies to reach goals for the following year;

- Half-yearly ESG report in August reporting progress against set targets and proposing changes in strategies if necessary; and

- Report in the fourth quarter that covers the period up to 30th September of that year projecting full year-end results and will be the basis for setting the following year's strategy and targets.

The Compliance Committee sets a separate ESG agenda item during meetings for Directors to engage in regular and ongoing discussion to review ESG strategies. The Compliance Committee is responsible for submitting reports from Management for the Board's comments and approval after said meetings. Whenever ad hoc ESG matters arise outside of these scheduled reports and meetings, Management will present special reports for members of the Compliance Committee and the Board and will call special meetings if necessary to discuss issues and workshop solutions.

The Board is confident that the framework in place will allow for the most effective and efficient oversight on ESG performance. As Hong Kong advances itself to become a leader in green and sustainable finance and works towards carbon neutrality, Asia Financial recognizes the significance of sound ESG practices and the importance of integrating ESG considerations in our daily operations. Asia Financial will continue to develop and review ESG issues relevant to our businesses and recommend appropriate procedures to ensure compliance and enhance our role as a responsible company for the community and the environment for generations to come.

C. ESG Philosophy

Asia Financial takes pride in being recognized as a "Caring Company" by the Hong Kong Council of Social Service for our contributions to the community, employees, and environment. AFH has been recognized since 2003 and Asia Insurance has been recognized since 2005.

Additionally, AFH has been awarded the Green Office Award Label from the World Green Organization since 2014 and Asia Insurance has recently gained their first recognition. We are proud to be recognized for our efforts to improve the quality of life for the current and future generations.

For many years, Asia Financial has demonstrated a strong commitment to Corporate Social Responsibility ("CSR"). We believe it is the duty of a responsible company to protect the environment, provide a quality workplace, and serve the wider community directly through partnerships with social service organizations and social enterprises. Today, the Company aims to build on this foundation by expanding our ESG management strategy and foregrounding sustainability in all parts of our operations.

C. ESG Philosophy (cont'd)

C1. Stakeholder Engagement and Materiality Assessment

Asia Financial operates in a socially responsible and transparent manner by engaging with various stakeholders via multiple communication channels. These communication channels are opportunities for Asia Financial to convey our strategies and for stakeholders to voice their expectations.

Stakeholders	Communication Channels
Community	– Meeting with NGOs
	– Sponsorships and donations
	– Participate in events and activities
Customers	– Client relationship contacts
	– Company website
	– Customer service hotline
	– Online platform
Employees	– Annual performance appraisal system
	– Recreational and volunteer activities
	– Townhall meetings held by AI
	– Trainings, seminars and briefing sessions
Regulators	– Compliance reports & risk reports
	– On-site review
	– Regular meetings and communications
	– Training, focus groups and other events
Shareholders	– Annual General Meetings and other ad hoc meetings
	– Company website
	– Corporate communications including announcements, press releases, circulars, interim reports and annual reports
	– Investor meetings and briefings
Suppliers	– Annual supplier, service provider, contractor, and vendor review for internal use
	– Regular supplier, service provider, contractor, and vendor communications and engagements

Following stakeholder engagement, data collected is reviewed and a materiality assessment is utilized to identify the most significant economic, environmental, and social factors that concerns Asia Financial's Management and our stakeholders. These insights are particularly helpful for the Company to review our short, medium to long-term strategy in addressing specific sustainability issues and identifying areas of improvement for ESG performance and reporting.

C. ESG Philosophy (cont'd)

C1. Stakeholder Engagement and Materiality Assessment (cont'd)

Asia Financial has identified 5 material ESG focus areas along with material ESG factors which will be covered throughout this ESG report:

ESG Focus Areas	Material ESG Factors
Operating Practices and Governance	– Ethical business practices
	– Compliance to relevant laws and regulations
	– Evolving ESG disclosure requirements
	– Data privacy and cybersecurity
	– Sustainable procurement and supply chain management
	– Risk management
Clients and Customers	– Products and solutions
	– Customer service and quality
	– Data privacy and cybersecurity
	– Risk management
Workforce and Employment Practices	– Occupational health and safety
	– Staff engagement and employee relations
	– Training and development
	– Employment and labor standards
	– Diversity, equity and inclusion & equal employment
Environment	– Impact of climate change and natural disasters
	– Greenhouse gas emissions
	– Green and responsible investments
	– Evolving ESG disclosure requirements
	– Climate-related risk management
Community	– Community support and partnerships
	– Volunteering, donations & sponsorships

C. ESG Philosophy (cont'd)

C2. ESG Management Structure and Approach

The Board

Overall responsibility for ESG management, reporting, and decision making

ESG Working Committee

Oversee the Company's compliance to and reporting of ESG framework and strategy

Management

Monitors the implementation, performance, and reporting process

Company's Administration and Risk Management

Plans and implements initiatives and monitors ESG trends and regulations

Operational Departments

Contribute to ESG strategy and developments

Stakeholders

Contribute to materiality assessment to recommend and strategize on ESG focus areas

Employees

Participate in and benefit from ESG initiatives

D. Corporate Governance

Asia Financial maintains a robust corporate governance structure in compliance with relevant laws and regulations. The Group maintains policies and guidelines which define required standards for all staff concerning matters such as: Codes of Conduct, Whistleblowing Policy, Anti-Money Laundering Guidelines, etc. The Company makes it clear that all Management and staff must comply with these policies to ensure business decisions are made in the best interests of Asia Financial. Any breach of Company policies and guidelines is subject to disciplinary action.

The Corporate Governance Report contains more details.

E. Workforce and Employment Practices

Currently, established and traditional industries are facing growing competition for new talents from various sectors, particularly due to changes in the workforce and workplace culture. Asia Financial is responding to such competition with development opportunities for interns and graduate trainees and offering competitive packages for retention plans. Additionally, we encourage younger staff to participate in and contribute to company-wide innovative and technology related projects, and experienced staff to continuously guide and mentor the next generation. Asia Financial aims to remain competitive with attractive remuneration packages and enhanced staff benefits in order to attract talents. These measures allow Asia Financial to identify and train high-potential employees to promote the Company's growth. Moreover, the Group can better revise and maintain an adequate succession plan as the average age of our employees increases.

The key to Asia Financial's impeccable customer service, shareholder value creation, and community contribution is a satisfied and motivated workforce. Our workplace policies and guidelines are designed to ensure:

- Full compliance with all legal requirements at all times;
- Maintain mutual respect on a foundation of shared interests;
- Fair treatment, including an equitable and performance-linked reward system;
- Equal opportunities for all individuals to reach their full potential;
- Ample training and development opportunities;
- Working conditions conductive to good physical and mental health; and
- Promoting work-life balance.

During this financial year, Asia Financial fully complied with all legal requirements and ordinances regarding employment relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The following highlights several of Asia Financial's existing practices and statistics regarding our workforce.

E1. Remuneration and Employee Benefits

Asia Financial's Remuneration Committee provides oversight on the Company's remuneration system. Our policies and practices are regularly reviewed by independent consultants to ensure remuneration packages remain competitive in attracting and retaining good quality staff. The remuneration for staff comprises of a basic salary, year-end double pay, and a discretionary bonus based on both the individual's performance evaluation and Asia Financial's overall performance.

Furthermore, in order to enhance employees' welfare, Asia Financial provides staff with medical and life insurance plans and makes additional voluntary provident fund contributions when appropriate.

E. Workforce and Employment Practices (cont'd)

E2. Work-life Balance

Asia Financial encourages staff to balance between work and family life. Thus, all full-time staff are expected to utilize all rest days, public holidays, and paid annual leaves during their employment. Additionally, staff are offered other conditional leave days such as birthday leave, examination leave, marriage leave, compensation leave, etc. The Group and Management make every effort to ensure that employees have the utmost freedom and flexibility in arranging leave and work-from-home schedules.

E3. Equal Employment Opportunities

In 2024, Asia Financial complied with all current Hong Kong equal opportunities laws.

Asia Financial has an Equal Opportunities Policy ("EO Policy") in place to ensure staff members comply with the following Ordinances: Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance, and Race Discrimination Ordinance.

Our EO Policy ensures that every employee and job applicant is treated fairly, regardless of sex, marital status, pregnancy, breastfeeding, disability, race (defined by race, colour, descent, national or ethnic origin), family status, age, religion, and sexual orientation. Furthermore, our EO Policy is applicable to areas including, but not limited to, recruitment, selection, promotion and transfers, working hours, discipline and dismissal, compensation, and benefits. All staff are expected to treat any colleagues, customers, and members of the public fairly, respectfully, and without discrimination.

E4. Staff Profile

As of 31st December 2024, AFH had 56 staff and AI had 318 staff respectively, totaling 374 staff and representing a 6.3% increase in headcount compared to the previous year.

No. of Employees by Employment Type (as at 31/12/2024)

	AFH	AI	Asia Financial
Full-time	56	308	**364**
Part-time	0	10	**10**
Total	**56**	**318**	**374**
YoY %	**-3.4%**	**+8.2%**	**+6.3%**

No. of Employees by Geographical Location (as at 31/12/2024)

	AFH	AI	Asia Financial
Hong Kong	56	263	**319**
Macau	0	51	**51**
Mainland China	0	1	**1**
Taiwan	0	3	**3**
Total	**56**	**318**	**374**

E. Workforce and Employment Practices (cont'd)

E4. Staff Profile (cont'd)

No. of Employees by Gender and Breakdown by Grading (as at 31/12/2024)

	AFH	AI	Asia Financial
All Staff			
Male	25 (6.7%)	113 (30.2%)	**138 (36.9%)**
Female	31 (8.3%)	205 (54.8%)	**236 (63.1%)**
Total	**56 (15.0%)**	**318 (85.0%)**	**374 (100%)**
Senior Executives			
Male	5 (11.6%)	15 (34.9%)	**20 (46.5%)**
Female	5 (11.6%)	18 (41.9%)	**23 (53.5%)**
Total	**10 (23.2%)**	**33 (76.8%)**	**43 (100%)**
Board of Directors			
Male	7 (87.5%)		
Female	1 (12.5%)		
Total	**8 (100%)**		

Asia Financial recognizes the importance of diversity, including gender diversity, among all levels of the workforce. Employees are recruited and promoted based on merit and objective criteria including, but not limited to, gender, age, cultural and educational background, race, professional experience, skills, knowledge, length of service and other factors that are relevant to their position and responsibilities. Nonetheless, the Company strictly adheres to our EO Policy to ensure all employees and candidates are treated fairly, regardless of sex, marital status, pregnancy, breastfeeding, disability, race (defined by race, colour, descent, national or ethnic origin), family status, age, religion, and sexual orientation.

Asia Financial is currently more female distributed across all levels of employees and is well-balanced between male and female at the Senior Executive level. All our positions are filled by qualified individuals while the Company keeps gender diversity in mind during recruitment stages in order to match the best candidate for every position.

No. of Employees by Age Group*# (as at 31/12/2024)

	AFH	AI	Asia Financial
Below 30	3 (0.8%)	53 (14.3%)	**56 (15.1%)**
30 – 40	13 (3.5%)	97 (26.2%)	**110 (29.7%)**
41 – 50	9 (2.4%)	75 (20.3%)	**84 (22.7%)**
51 and above	31 (8.4%)	89 (24.1%)	**120 (32.5%)**
Total	**56 (15.1%)**	**314 (84.9%)**	**370 (100%)**

* Hong Kong and Macau employees only

\# Our employees' age distribution aligns with general workforce trends in Hong Kong

E. Workforce and Employment Practices (cont'd)

E5. Staff Turnover (of permanent employees' voluntary turnover) (for the year 2024)

Turnover Rate by Geographical Location (%)			
	AFH	AI	Asia Financial
Hong Kong	7.1%	7.6%	**7.5%**
Macau	N/A	2.0%	**2.0%**
Mainland China	N/A	0%	**0%**
Taiwan	N/A	0%	**0%**

Turnover Breakdown for Hong Kong Employees Only (no. of staff)			
	AFH	AI	Asia Financial
By Gender			
Male	2	8	**10**
Female	2	12	**14**
Total	**4**	**20**	**24**
By Age Group			
Below 30	0	1	**1**
30 – 40	0	9	**9**
41 – 50	3	5	**8**
51 and above	1	5	**6**
Total	**4**	**20**	**24**

According to the *2024 Guangdong-Hong Kong-Macao Greater Bay Area Pay and Benefits Survey*, Hong Kong's average turnover rate is 19.3% across all staff levels. Asia Financial's turnover rate is lower than the average and mostly involved staff pursuing better job opportunities or emigration.

E. Workforce and Employment Practices (cont'd)

E6. Health and Safety

Asia Financial takes all practicable steps to establish health and safety standards that go above and beyond relevant statutory requirements. Our yearly goal is to maintain zero work-related injuries and/or fatalities, and we continued to reach this goal in 2024 (as well as for the past 3 years) with zero work-related injuries and/or fatalities, and zero workdays were lost due to work-related injuries and/or fatalities.

Asia Financial implements clear measures and policies to ensure staff have a safe workplace. In order to minimize fire hazard, the Company maintains strict guidelines on proper use and maintenance of electrical appliances, and we have a registered and licensed inhouse electrician to take care of daily repairs and maintenances.

For fire prevention, fire drills and trainings are arranged to ensure staff are familiar with emergency procedures. Furthermore, evacuation plans and exit signs are properly displayed and maintained at all exits. The Company also ensures that all office premises are equipped with properly inspected, well-maintained, and accessible fire-fighting equipment and sprinkler systems.

The Company promotes good housekeeping in order to eliminate or rectify office hazards such as loose cables and folded carpets. Staff are encouraged to make use of proper tools and seek assistance when performing manual operations such as transporting heavy documents or boxes. It is also Company policy to maintain adequate first aid facilities on office premises with designated employees to check and refill supplies.

E7. Development and Training

At Asia Financial, we believe that our employees are our most valuable resources. We strive to maintain a healthy, open, and supportive company culture and working environment, and to provide staff with opportunities for further training, development, and potential career advancement within the Company. Apart from providing seminars and training courses, we also offer subsidies, professional fees and examination fees allowances for employees who wish to advance their job-related qualifications and skills.

We have designed and organized a range of workplace training programs to enhance staff's talents and professional skills suitable for staff across all levels. Our staff attended trainings on topics such as business ethics, corporate governance, technological, soft-skills training, as well as insurance-related subjects, some examples include:

- Anti-Money Laundering and Counter Terrorist Financing
- Captive Insurance Knowledge Sharing Session
- Advancing ESG: Enhancing Governance Frameworks and Data Integrity
- HR and Finance considerations over SP/LSP offset abolishment
- Monthly wellness programs organized by Asia Insurance

E. Workforce and Employment Practices (cont'd)

E7. Development and Training (cont'd)

Training Statistics by Gender (HK Employees only)			
	AFH	AI	Asia Financial
% Male Employees Trained	92%	92%	**92%**
% Female Employees Trained	97%	99%	**99%**
% Employees Trained	**95%**	**97%**	**96%**
YoY%	**-2.0%**	**-1.0%**	**-1.0%**
Average Training Hours Completed per Male Employee	4.96 hours	17.91 hours	**15.38 hours**
Average Training Hours Completed per Female Employee	8.97 hours	23.79 hours	**21.38 hours**
Average Training Hours Completed per Employee	**7.18 hours**	**21.49 hours**	**18.97 hours**
YoY%	**+14.5%**	**+6.2%**	**+8.3%**

Training Statistics by Employee Category (HK Employees only)				
		AFH	AI	Asia Financial
% Employees Trained	Senior Executives	100%	100%	**100%**
	Middle Management	93%	96%	**96%**
	General Staff	94%	96%	**96%**
	Overall	**95%**	**97%**	**96%**
Average Training Hours Completed per Employee	Senior Executives	12.35 hours	29.43 hours	**24.93 hours**
	Middle Management	11.30 hours	28.71 hours	**25.90 hours**
	General Staff	3.52 hours	16.48 hours	**14.34 hours**
	Overall	**7.18 hours**	**21.49 hours**	**18.97 hours**

Asia Financial has set a goal to increase average training hours completed per employee by 10% in 2024 compared to 2023 (average training hours per employee in 2023 was 17.52 hours). However, we were only able to achieve an 8.3% increase from 2023 to 2024 with 18.97 average training hours per employee. We believe that Asia Financial can gradually increase average training hours completed per employee as our business continues to grow and with enhanced Company-organized training sessions planned for the year.

E. Workforce and Employment Practices (cont'd)

E8. Labour Standards

Asia Financial sees little to no risk of potential involvement in, or exposure to, forced or compulsory child labour, thus is not material to our operations. Management believes that our current recruitment procedures are more than adequate to prevent child or forced labour, including verification of candidate details or obtaining job references when appropriate.

The Group is committed to complying with the Employment Ordinance and associated policies, guidelines, laws, and regulations. Our Internal Audit department regularly reviews the Company's employment compliance and conditions at all our locations.

Multiple policies are in place to ensure compliance with employment standards, including:

– Human Resources Policy

– Personal Data (Privacy) Policy

– Equal Opportunities Policy

F. Environment

F1. Minimizing the Environmental Impact of Our Operations Through Carbon Reduction

As a responsible member of Hong Kong's business community, we support Hong Kong's plan to achieve carbon neutrality by 2050 and associated strategies as listed in the Climate Action Plan 2050 as our long-term plan.

Starting from 2024's report, Asia Financial will use 2019 as a base-year for year-on-year analysis of our carbon emission profile. This is to ensure that comparable data are utilized to strategize carbon reduction efforts, and to account for pre- & post-COVID-19 outliers and abnormalities. Our data collection tools are outlined in section *A3. Reporting Principles*. Greenhouse gas emissions ("GHG emissions") data collected remains consistent over the years, which include company vehicle usage, unleaded petrol consumption, electricity consumption, paper consumption and recycling, and staff's overseas business trips.

Asia Financial's business does not generate significant amounts of GHG emissions or pollutants, nor do we require significant amounts of resources such as energy, water, raw and packaging materials. However, we strive to be a pioneer in environmental best practices and to comply with, and exceed, regulatory requirements whenever possible. We have active strategies to manage our carbon footprint, use resource efficiently, and reduce waste throughout our business operations. Detailed records of the Company's carbon emission have proven to be an extremely useful tool to identify and eliminate unnecessary energy consumption.

Shareholders, investors and customers are increasingly paying more attention to a company's ESG performance in addition to traditional financial indicators. Asia Financial will closely follow changes in regulations regarding climate-related disclosures to achieve the greatest transparency, properly strategize for the growing focus on ESG regarding investments, and closely examine the effects of climate change on our insurance business in order to assess and mitigate risks.

The scope and boundary of the following reported data on environmental performances covers the Hong Kong operations of Asia Financial Holdings Limited ("AFH") and its wholly-owned subsidiary, Asia Insurance Company, Limited ("AI").

F. Environment (cont'd)

F2. Carbon Footprint Management Strategy

Greenhouse Gas (GHG) Emissions (tons CO_2 equivalent "tCO_2e")	AFH		AI		Asia Financial	
	tCO_2e	YoY %	tCO_2e	YoY %	tCO_2e	YoY %
Scope 1: Unleaded petrol & diesel combustion**	58.79	-5.2%	24.99	-42.2%	**83.78**	**-20.4%**
Scope 2: Purchased electricity	235.43	-15.8%	348.01	+1.4%	**583.44**	**-6.3%**
Scope 3: Paper waste	-8.34	+57.1%	34.99	-17.3%	**26.65**	**+16.6%**
Scope 3: Overseas business travel	91.89	+31.7%	6.92	+22.6%	**98.81**	**+31.1%**
Total	**377.77**	**-3.6%**	**414.91**	**-4.5%**	**792.68**	**-4.1%**

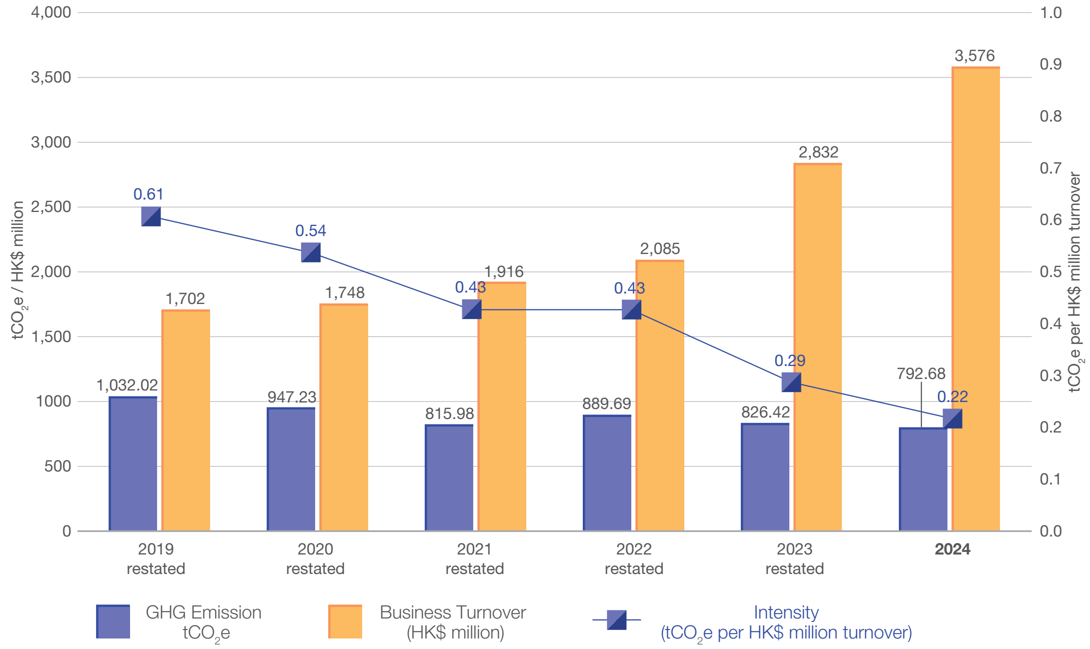
***Note: Asia Financial's scope 1 consumption of unleaded petrol from company vehicles were the major contributors of air pollutants (namely Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x) and Particular Matter (PM)), though in nonsignificant amounts and emissions in 2024 were 18% to 20% less than in 2023. Other than that, our business operations do not generate material amounts of air pollutants.*

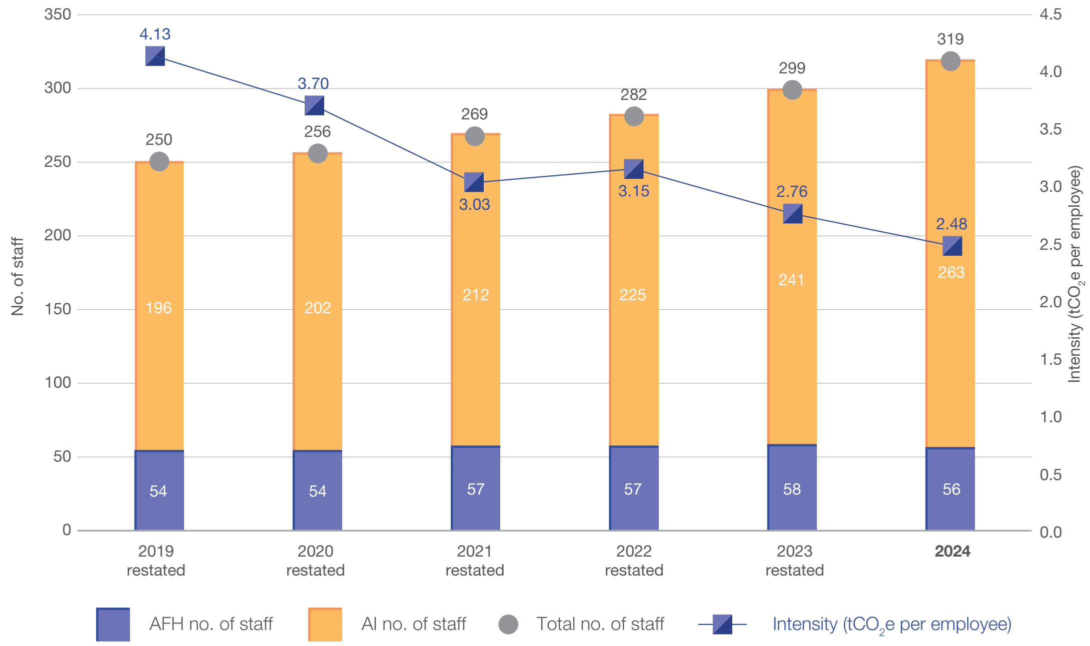
GHG Emissions Intensity for AFH Group***	2019 Base-year	2020	2021	2022	2023	2024
Total tons of GHG emission (tCO_2e) (restated)	1,032.02	947.23	815.98	889.69	826.42	**792.68**
Turnover (HK$ million)	1,702	1,748	1,916	2,085	2,832	**3,576**
Intensity (tCO_2e per HK$ million turnover) (restated)	0.61	0.54	0.43	0.43	0.29	**0.22**
Total no. of staff	250	256	269	282	299	**319**
Intensity (tCO_2e per employee)	4.13	3.70	3.03	3.15	2.76	**2.48**

****GHG emission and intensity per HK$ million turnover for 2019 to 2023 were restated based on updated calculation method outlined in section A3 Reporting Principles. The difference between original and restated GHG emission ranged from around +0.3% to +26.7%, which can be attributed to increase in electricity consumption from building air-conditioning which was omitted for AFH, but overall GHG emission is slightly offset by decrease in other emission sources resulting from calculation adjustments.*

F. Environment (cont'd)

F2. Carbon Footprint Management Strategy (cont'd)





F. Environment (cont'd)

F2. Carbon Footprint Management Strategy (cont'd)

As a result of business growth, Asia Financial's turnover reached HK$3,576 million in 2024, a 26% increase compared to 2023, and a 110% increase since base-year 2019. Increases in business activities inevitably increased carbon emissions, particularly from scope 3 overseas business travels, but is offset by decreases in scope 1 and 2 emissions. Although there is an overall increase in scope 3 paper waste for AFH Group compared to 2023, this is due to a one-off document recycling exercise AFH did in 2023 that led to significantly more paper were recycled than purchased. There is a 20% decrease in scope 1 emissions related to consumption of unleaded petrol, which is likely due to replacement of Company vehicles with EVs. Scope 2 purchased electricity continues to be our largest contributor of GHG, however, we are beginning to see a downward trend in consumption.

In 2024, Asia Financial's overall GHG emission was 792.68 tCO_2e, which represents a 4.1% decrease compared to 2023. In terms of GHG emission intensity, a 0.22 tCO_2e per HK$ million turnover represents a 24% decrease compared to 2023, which was partially due to the significant increase in turnover, but have nonetheless met 2024's ESG goal. For 2024, Asia Financial has included tCO_2e per employee as another intensity indicator, and a 2.48 tCO_2e per employee represents a 10% decrease compared to 2023.

Asia Financial has arranged the offset of 792.68 tons of GHG emissions through purchasing Carbon Credits from CLP.

While continued business growth may further contribute to increasing GHG emission, we strive to emit the least possible greenhouse gases, limit our carbon footprint whenever feasible and continue to enhance our targeted carbon emission reduction strategies based on quantifiable emission data over the years.

F3. Measures regarding hazardous and non-hazardous wastes

Total hazardous and non-hazardous waste produced				
Hazardous waste	Hazardous waste is minimal due to the nature of our business operations.			
		AFH	**AI**	**Asia Financial**
Non-hazardous waste	Our non-hazardous waste mainly comes from disposal of paper waste at landfills.			
	tCO_2e	-8.34	34.99	**26.65**
	tCO_2e per staff	-0.15	0.13	**0.08**
	YoY %	+55.6%	-24.2%	**+9.3%**

Asia Financial takes the following measures to further minimize waste:

– Professional vendors collect ink cartridges from copiers and printers;

– Professional specialist firms collect paper for recycling.

	AFH	AI	Asia Financial
% with Recycled Content	175%	68%	**78%**
Total Paper Recycling	4,052 kg	15,765 kg	**19,817 kg**

F. Environment (cont'd)

F4. Measures to mitigate emissions and energy use

(a) Staff engagement

Employee participation is essential to our green office policies, including a "switch-off" policy for idle electronic equipment. Furthermore, staff are encouraged to print hardcopies only when necessary.

(b) Use of energy efficient lighting & equipment

Asia Financial has replaced T5 fluorescent lamps with 21W LED lighting system at our main office in 2022. It is expected to reduce the Company's carbon emission from electricity used in the long-term, and employees can work under suitable lighting.

(c) Enhance virtual meeting equipment

As the Company's business continues to grow and in order to reach partners from various locations, Asia Financial have enhanced video conferencing equipment and communication tools to encourage staff to limit business travels and reduce carbon emissions.

(d) Green office policy

We promote green practices through internal "Office Green Guide" that includes suggestions on recycling, switch-off policy, printing practices, and reusing materials such as stationaries.

(e) Printing efficiency project to reduce paper waste

AI has launched a printing efficiency project with the following features:

– Centralized and consolidated printer functions;

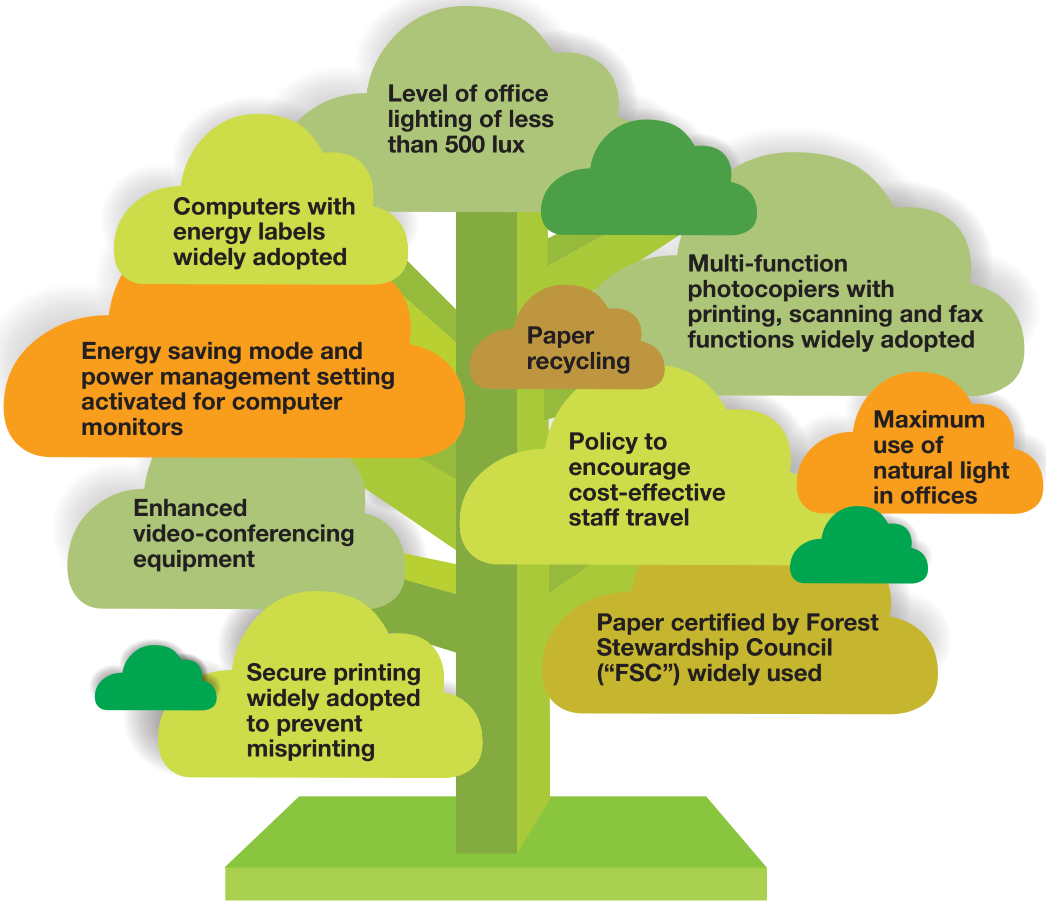
– Double-sided and black & white printing modes are now set as office-wide defaults.

These initiatives are expected to help reduce paper waste in the future. In the long term, AI will explore the possibility of paperless operations by adopting electronic solutions for business processes.

F. Environment (cont'd)

F4. Measures to mitigate emissions and energy use (cont'd)

(f) Other measures to reduce carbon emissions



F. Environment (cont'd)

F5. Use of Resources

Asia Financial's business does not involve significant use of resources such as energy, water, raw and packaging materials. However, we strive to reduce wastage and use resources efficiently within our business operations as much as possible.

Total water consumption and intensity is unavailable as business premises are located within buildings with centralized water metering. Thus, we are also unable to provide description on sourcing water and setting water efficiency targets.

Total packaging materials used for finished goods is not applicable to our business operations, thus no data will be disclosed.

Direct and Indirect Energy Consumption by Type and Intensity				
		AFH	AI	Asia Financial
Total Electricity Consumption	kWh	359,235	527,283	**886,518**
	tCO_2e	235.43	348.01	**583.44**
Intensity per staff	tCO_2e per staff	4.20	1.32	**1.83**
	YoY %	-13%	-7%	**-12%**
Total Unleaded Petrol and Diesel Consumption	Litres	22,259	9,367	**31,626**
	tCO_2e	58.79	24.99	**83.78**
Intensity per staff	tCO_2e per staff	1.05	0.10	**0.26**
	YoY %	-2%	-47%	**-25%**

F6. The Environment and Natural Resources

Although our business activities do not have significant impact on the environment and natural resources, our commitment to sustainability has resulted in paper waste sent to landfill reduced from 7,681kg in 2019 (base-year) to 5,553kg in 2024 (28% decrease over 5-year span).

Measures described in Section F4(f) contribute to reducing our impacts on the environment and natural resources.

G. Operating Practices and Governance

G1. Minimizing the Impact of Climate Change on Our Insurance Business

Climate change, for obvious reasons, has a direct and dramatic impact on an insurance company's balance sheet. Extreme and unpredictable weather conditions increase our exposure to disaster related risks like typhoons, floods, and fires. For this reason, AI continually reviews its reinsurance protection and when necessary, increases it. With an eye towards decreasing our exposure to climate-related disaster, we are also expanding risk analytic capabilities of our climate-related exposures.

One of the major ways to alleviate the impact of extreme weather on our insurance risk profile is to arrange for an extra layer of reinsurance. This provides protection for our business in Hong Kong, and also covers our exposure in other geographical regions, especially Asia.

AI has provided a cumulative net claims reserve of HK$36.8 million up to 31st December 2024 and net claims incurred expense HK$10.5 million in relation to extreme weather events for the year.

Currently, we have assessed the business impact caused by climate change and set quantifiable climate-related targets by considering the standards (HKFRS S1 and HKFRS S2) issued by HKICPA. The Insurance Authority has been working on a set of ESG guidelines, requirements and reporting standards which are expected to come out soon. Once they release this information, we will incorporate it into our strategy and targets.

G. Operating Practices and Governance (cont'd)

G2. Personal Data (Privacy) Policies

Asia Financial is committed to adopting and complying with all relevant provisions of the Personal Data (privacy) Ordinance, Chapter 486, the Laws of Hong Kong ("the Ordinance"). The Company upholds the personal data privacy protection principles stated in Schedule 1 of the Ordinance for the purpose of collecting, retaining, processing, and using personal data. The Company established an internal Personal Data (Privacy) Policy and has a designated Data Protection Officer to monitor compliance and assist department heads who have direct control of personal data. Our Internal Audit department conducts regular checks to ensure compliance with all regulations.

G3. Data and Cybersecurity

Data and cybersecurity are top concerns for any company that possesses and handles customer data. Naturally, this is a priority risk control area, especially for Asia Financial's insurance business. The Group is committed to reviewing all relevant control systems and has taken active measures to mitigate this risk. Internal consultants and external cyber security experts are actively involved in various comprehensive information and technology reviews, such as vulnerability assessments, penetration tests, architectural and process reviews, as well as measures to raise and reinforce staff's data security awareness. The Group continues to develop our in-house expertise to implement necessary upgrades to enhance data and cybersecurity in 2024. Asia Financial will continue to improve and upgrade our IT infrastructure across various departments to increase efficiency and security in business operations while meeting our ESG targets.

G4. Anti-Corruption

Asia Financial is committed to complying fully with all applicable laws and regulations in order to combat corruption, money laundering, extortion, fraud, and other financial crimes.

Asia Financial reserves the right to terminate immediately any business relationship that violates or presents the risks of violating such laws, regulations, or policies of the Company.

Asia Financial's written policies, procedures, and internal controls in this area includes a risk assessment process, education and training, review and approval processes, due diligence procedures, accounting processes, and independent testing processes. Personnel who engage in or facilitate bribery, or who fail to comply with all applicable laws and regulations and our related policies, shall be subject to disciplinary action.

There were no corrupt practice cases against either the Company or its employees during the year 2024.

G5. Preventive Measures & Whistleblowing

Asia Financial is committed to the highest standards of openness, probity, and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality, and honesty. Employees are encouraged to raise concerns about any suspected misconduct or malpractice within the Group, without fear of victimization or harassment, in a responsible and effective manner, rather than overlooking a problem or blowing the whistle outside.

The Company has devised a Whistleblowing Policy to achieve the above corporate governance target. The Policy applies to employees (permanent or temporary) at all levels of the Group and will be reviewed at least annually.

G. Operating Practices and Governance (cont'd)

G5. Preventive Measures & Whistleblowing (cont'd)

Whistleblowing matters may include, but are not limited to:

- Criminal offenses;
- Failure to comply with any legal obligations;
- Miscarriage of justice;
- Financial impropriety;
- Action which endangers the health and safety of an individual;
- Action which causes damage to the environment;
- Deliberate concealment of information concerning any of the matters listed above.

If Asia Financial discovers any incident of corruption, money laundering, extortion, fraud, and other financial crimes, legal and/or disciplinary action will be taken. The Audit Committee has overall responsibility for overseeing, monitoring, and reviewing the operation of the policy and recommendations for action resulting from investigations, while day-to-day responsibility is assigned to the Chairman & President of the Company.

H. Client and Customers

H1. Supply Chain Management

Asia Financial fully considers environmental and social standards in its sourcing and procurement activities. Our ethics and values inform all our interactions with suppliers, contractors, and service providers.

Due to business needs, we are unable to quantify or specifically provide the number of suppliers by geographical region, but all suppliers of furniture, equipment, stationary, and other office items to Asia Financial are sourced locally whenever feasible. We expect suppliers and their supply chain to comply fully with all applicable laws and regulations in the conduct of their business. We identify, assess, and monitor supplier practices with regards to human and labour rights, the environment, health and safety, and anti-corrupt principles through business search and reviewing their past experiences. Where practical, we also work with our vendors to encourage the use of responsibly and sustainably produced goods and services.

In our latest Procurement Policies, we have included Best Value Procurement practices as one of our principles. This ensures that while goods and services judged based on monetary value are important, we also focus on its quality, reliability, reputation, as well as their commitment to environmentally friendly practices when selecting vendors, contractors, or service providers.

H2. Product Responsibility

(a) Service quality

For our insurance business, operations strictly comply with the Companies Ordinance and regulations of the Insurance Authority. Our Internal Audit department conducts periodic checks to make sure the quality of service and the terms of the insurance contracts are properly arranged.

Due to the nature of insurance business, there are no recall procedures for our products. If customers are unsatisfied with our service or the terms of the insurance contract, our staff are more than willing to make necessary and reasonable adjustments. During 2024, we received zero customer complaints concerning products and services provided by AI. In the event there is any complaint case, it will be carefully addressed and handled by the Complaint Officer with the customers concerned.

H. Client and Customers (cont'd)

H2. Product Responsibility (cont'd)

(b) Intellectual rights

Our policy on copyright, patents, and trademarks is subject to review from time to time to ensure compliance with all applicable Hong Kong laws. Our business operation's major exposure is the design of our marketing materials and the use of computer software. We have implemented the following measures to minimize risks:

– All marketing areas are centrally processed to avoid intellectual property right infringement; and

– Our policy against illegal and unlicensed computer software prohibits employees from installing computer software onto any information technology equipment on Company premises. Duplicating licensed software for backup purposes is also prohibited unless an additional license if granted.

I. Community

Commitment to our community is at the heart of Asia Financial's company culture. We aim to make a positive difference to society through donations, partnerships with social enterprises and staff volunteering activities. We strive to reach a wide range of beneficiaries with these different forms of outreach.

I1. Donations & Sponsorship

In 2024, the Group contributed a total of HK$7,077,000 (mainly through donations and sponsorships) towards the support of non-profit organizations both local and overseas. Respectively, AFH contributed HK$3,049,000 and AI contributed HK$4,028,000. This amount represents a 1% increase from the prior year.

I2. Community Involvement – Partnership with Social Enterprises

We invest in SVHK Capital Limited ("SVHK"), which is a venture philanthropic organization that provides financial and non-financial support to social-purpose organizations and social enterprises in Hong Kong. SVHK's flagship project is Light Be (Social Realty) Limited ("Light Be").

Light Be helps individuals living in poor environments such as subdivided flats find alternative living arrangements, such as Light Rooms, where private property owners are encouraged to rent units at an affordable or below market rate to underprivileged single-parent households to share the dining room, kitchen, and washroom. Light Be aims to restore self-esteem for families to become self-sufficient and encourages people to foster a sense of togetherness and build a supportive neighborhood.

I3. Community Involvement – Staff Volunteering

Community life is as important to our Company's employees as it is to our Company. We encourage volunteering because we believe that personal caring and outreach is a valuable resource that amplifies the social impact of financial contributions and organization sponsorships. At the heart of these efforts is the voluntary work undertaken by individual staff members within our local communities. Volunteer statistics below only include company-organized and volunteer hours completed by staff during their personal time.

I. Community (cont'd)

I3. Community Involvement – Staff Volunteering (cont'd)

With the cooperation of Evangelical Lutheran Church Social Service – Hong Kong and the Tung Wah Group of Hospitals, AI has arranged several volunteer activities in 2024 to bring love and care to the community. AFH also partnered with Evangelical Lutheran Church Social Service – Hong Kong to organize volunteer activities with elderlies and children. Our volunteer hours as a Group in 2024 decreased by 28% compared to 2023. Although we are still far away from reaching our targeted volunteer participation, we will strive to encourage volunteerism among our staff as Asia Financial expands our CSR initiatives and community partnerships.

Volunteer Service Statistics for 2024			
	AFH	AI	Asia Financial
Total number of volunteers	9	56	**65**
Total service hours	45 hours	152 hours	**197 hours**
YoY%	+172%	-41%	**-28%**

J. Green Finance

For 2024, Asia Financial met our 2024 target and invested at least an additional HK$50 million in green investments across different asset classes including stocks, funds, and bonds with exposure to electric vehicles, renewable energy, and environmental investment themes. Our environmental investments produced a mid-single digit percentage return in 2024 despite inconsistent performance across various individual green investment themes.

K. 2025 ESG Targets

In light of HKEX's latest ESG Code's disclosure requirements effective 1st January 2025, Asia Financial has revamped our yearly targets into short-to-medium term targets which will be evaluate each year.

K1. GHG Emissions

Achieve 10% reduction in GHG emission intensity (tCO_2e per HK$ million turnover & tCO_2e per employee) over the next 5 years.

K2. Impact of Climate Change

AI aims to continue to review and increase, if necessary, reinsurance protection, and will further expand its risk analysis of coverage to cover climate-related risks. AI also aims to set quantifiable targets by considering the standards (HKFRS S1 and HKFRS S2) issued by HKICPA. We will also update the target when the Insurance Authority has completed and released its requirements and reporting standards.

The Board will continue to exercise stringent oversight over ESG-related matters that covers Asia Financial as a Group.

K3. Training

Continuously increase key market trend related training topics over the next 5 years, including but not limited to ESG, CSR or cybersecurity related areas.

The Company will continue to develop our talents by equipping them with all-rounded operations knowledge. We would organize trainings that build professional development opportunities both internally and from external parties. We would also provide networking opportunities for our talents to attend Company visits, particularly to AI, and they could keep abreast of the latest insurance development in the Greater Bay Area and beyond.

K. 2025 ESG Targets (cont'd)

K4. Volunteering or CSR-themed activities

Achieve at least one CSR related event in each quarter.

Asia Financial plans to enhance CSR-themed activities and partnerships with the aim to create greater impact on the society and drive internal engagement. This initiative will serve as a guiding framework on our social responsibility effort allowing us to create meaningful change to the community. We will encourage staff to participate in volunteer activities, either through Company-organized programmes or during staff's personal time.

K5. Green Finance

Aim for mid-to-high single digit returns annually from green and environmental-themed investments through prudent strategies.

L. Conclusion

This ESG report describes Asia Financial's ongoing and multi-platform efforts to be a responsible company. We remain committed to a continuous review of our performance in the areas of workplace equality, environmental sustainability, promotion of ethical business practices and community involvement, so that we may evolve and improve. As the business environment constantly grows and changes, so does the community of which we are a part of. That is why we will continue to monitor and develop our ESG performance as a core function of corporate management, just as we do with our traditional financial indicators.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The board of directors (the "Board") believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to promote investor confidence and safeguard the interests of shareholders, investors, customers, suppliers, employees, the community and other stakeholders.

The Board has applied with the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has adopted various measures, particulars as set out in this report, to ensure that a high standard of corporate governance is maintained.

The Company has complied with all the applicable code provisions set out in the CG Code throughout the year ended 31st December, 2024, except a deviation from CG Code C.2.1 which stipulates, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Particulars of such deviation and the considered reason for the deviation are set out under the section headed "Chairman and President" in this report.

Company Culture

The Board has established the Company's purpose, value and strategy, which is available on the "Vision, Strategies and Core Values" section of the Company's website. The Company's corporate culture aligns with its core values of Care, Integrity, Stability, Sustainability, and Innovation, which are reflected in the way the Company treats its employees, customers and external parties, and sets the Board's expectations on the Company's long-term goals and strategies. All directors and employees are expected to act with integrity, exhibit the Company's purpose, values and strategies in their everyday actions, act lawfully, ethically and responsibly, and uphold the highest standard of business ethics and corporate governance.

The Board ensures the Company's culture is instilled and continually reinforced across the Company through strategies including, but not limited to, attend trainings and education to keep up with changes and innovations and applying them to the Company's long-term strategies, monitor through Board Committees to ensure day-to-day management of the Company aligns with the Company's culture, and set up policies and systems that promote and support laws and regulations such as anti-corruption (see "Anti-Corruption" section of the Environmental, Social and Governance Report). The Company conveys corporate culture and expected behaviors through trainings and orientations, and are reinforced in policies and guidelines, which are available on Company intranet. Through communication with Management, the Board gains insight on whether the Company's culture is properly enforced throughout the Company, and the Board continually advises on strategies to further integrate the Company's corporate culture with established Vision, Strategies, and Core Values in pursuit of long-term growth and sustainable shareholder value.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors (the "Securities Code") on terms no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiry of all directors and all directors have confirmed that they have complied with the required standard as set out in the Securities Code and the Model Code throughout the year ended 31st December, 2024.

Board of Directors

Board Composition

The Board currently comprises 8 members, consisting of 3 executive directors (including the Chairman who concurrently act as the President), 2 non-executive directors ("NEDs") and 3 independent non-executive directors ("INEDs"). The name of chairman, executive directors, NEDs and INEDs are set out under the heading "Attendance Records of Directors" hereinafter. NEDs and INEDs provide the Group with a wide range of expertise and experience as well as checks and balances to safeguard the interests of the shareholders. Members of the Board, who come from a variety of different backgrounds, have a diverse range of business and professional expertise. The biographical details of the directors and the relationship among them are set out in the Report of the Directors of this annual report. The updated list of directors of the Company identifying their roles and functions and whether they are INEDs is available on the websites of the Company and the Stock Exchange. INEDs are also identified as such in all corporate communications that disclose the names of directors of the Company.

Induction for Directors

The Company will ensure each of its proposed new directors to obtain legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange before his/her appointment becomes effective. Following the directors' appointment, the Company will disclose in the next published annual report (i) the date on which each of its proposed directors obtained the legal advice mentioned in this paragraph and; (ii) that each proposed director has confirmed he/she understood his/her obligations as a director of a listed issuer.

Upon joining the Board, every Board member receives a package of orientation materials on key areas of business operations and practices of the Company and a copy of the Director's Handbook. The Director's Handbook sets out, among other things, the general and specific duties of the directors and the terms of reference of various Board committees. The Director's Handbook is updated from time to time to reflect developments and latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

Appointment and Re-election of Directors and Nomination Policy

All directors are subject to retirement by rotation and re-election at each annual general meeting ("AGM") as per the Bye-laws of the Company. Any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

The Company has a Nomination Policy which setting out the procedures, process and criteria for identifying and recommending candidates for election to the Board or for re-election to the Board.

According to the Nomination Policy, any proposed appointment or re-election will be first reviewed by the Nomination Committee. The selection of candidates will be based on criteria set out in the Nomination Policy (also the Board Diversity Policy (see section headed "Diversity" in this report)), which include but not limited to qualification, experience, ability to provide insights and practical wisdom based on his/her experience and expertise, time commitment, contribution to and enhancement on the Board's balance of skills, experience and diversity of perspectives. The identified candidates will be recommended by the Nomination Committee to the Board for further consideration. The qualified candidates will be approved by the Board or by shareholders in any general meeting.

Board of Directors (cont'd)

Role and Function of the Board

The Board is empowered to manage and conduct the businesses and affairs of the Group and is responsible for, inter alia, determining the Group's overall corporate objectives, business strategies and operational policies; maintaining a high standard in the integrity and effectiveness of risk management and internal control systems within the Group; monitoring and controlling the Group's operating and financial performance; maintaining effective oversight over the management; and ensuring the Group's operations are conducted prudently and complied with specific corporate governance requirements, environmental, social and governance reporting guidelines and also appropriate framework of laws and regulatory guidelines.

The Board has delegated the daily operations and management of the Company to the Executive Committee comprising all executive directors. The responsibilities of the Executive Committee includes implementing the laid down policies as determined by the Board, ensuring operations of the Group are complied with all statutory requirements, industry practices, codes or guidelines, and overseeing the Group's operational and financial performance in accordance with the directions of the Board.

Chairman and President

CG Code C.2.1 stipulates, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company has appointed a President instead of a Chief Executive. The division of responsibilities between the Chairman and President of the Company has been clearly established and set out in writing. The roles of Chairman and President had been separated until the passing away of Dr. CHAN Yau Hing Robin, the late Chairman of the Company. Mr. CHAN Bernard Charnwut ("Mr. Bernard Chan") has been appointed as Chairman from 20th April, 2022 and since then concurrently acts as Chairman and President of the Company.

The Board considers that such deviation will not impair the balance of power and authority as it is ensured by the operations and governance of the Board which comprises experienced and high calibre individuals. The Company has policies and guidelines which set out the delegation of authority and Internal Audit will check whether such policies and guidelines have been complied with. Moreover, important decisions will require the approval of the Board which comprises NED and INED, in addition to ED, who can help to provide a check and balance on the exercise of power of the Chairman cum President.

In allowing the two positions to be occupied by the same person, the Board has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Based on the experience and qualification of Mr. Bernard Chan, the Board believes that the vesting of two roles to Mr. Bernard Chan will continue to provide the Group with stable and consistent leadership and continue to allow for effective and efficient planning and implementation of long term business strategies and is beneficial to the Company and in the interests of its shareholders. The Board will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

Board of Directors (cont'd)

Non-executive Directors and Independent Non-executive Directors

All NEDs and INEDs do not actively involve in the day-to-day management of the Company. They, however, do play an important role in bringing their independent judgement, considerable knowledge and diverse expertise to the Board's deliberations.

Each NED (and INED) of the Company has received a letter of appointment from the Company for a specific term of office of less than 3 years and is subject to retirement by rotation and eligible for re-election at the AGM in accordance with the Company's Bye-laws.

One-third of the members of the Board consist of INEDs and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs an annual written confirmation of his/her independence for the year ended 31st December, 2024. The independence of the INEDs has been assessed in accordance with the criteria as set out in Rule 3.13 of the Listing Rules. Following such assessment, the Board has affirmed that all the INEDs continue to be independent.

Board Independence

The Board of the Company comprises executive directors, NEDs and INEDs. To facilitate independence of the Board, the Company has established mechanisms in place to ensure independent views and input are available to the Board, amongst which, INEDs represented at least one-third of the total number of directors and all the Board committees including Nomination Committee and Remuneration Committee are chaired by INEDs and comprise a majority of INEDs. The Company has vigorous selection, nomination and appointment/re-appointment process for INEDs (and other directors). Assessment factors include but not limited to the independence criteria of the Listing Rules, sufficiency of time commitment and other factors with reference to the Bye-laws, the Nomination Policy and the Board Diversity Policy of the Company. To ensure INEDs maintain objectivity and independence, INEDs receive fixed remuneration without performance-related elements for their roles as members of the Board and chairperson/members of the Board committees to avoid bias in their decision-making process. Such remuneration is subject to annual review by the Remuneration Committee and the Board and approval by the shareholders of the Company. To encourage INEDs to express their independent views on matters relating to the Group and its operations, in addition to informal communication between the Chairman and the INEDs, meetings have been scheduled with the INEDs, in the absence of other directors, at least annually. Moreover, independent professional advices may be sought, where necessary, at the Company's expense which not only help the directors to perform their duties but also help the Board to obtain independent views. The independence of all INEDs are reviewed, assessed and confirmed by the Nomination Committee on an annual basis to ensure INEDs are still independent. The Board has reviewed the implementation and effectiveness of such mechanisms and considered they are still effective.

Board Meetings

The Board meets regularly, and at least four times a year, to review business development and performance of the Group and additional meetings will be held as and when required. Directors have full access to information on the Group and may, in appropriate circumstances, take independent professional advice at the Company's expense. The schedule of Board meetings for a year is planned in the preceding year and such schedule is made available to all directors to facilitate directors' attendance at the meetings. Directors receive written notice of each regular Board meeting at least 14 days in advance and they are given an opportunity to include matters in meeting agenda. The Company Secretary assists the Board in preparing the agenda for meetings. Directors receive the meeting agenda and accompanying Board papers at least 3 days before the date of Board meeting so that the directors have the time to review the documents. Minutes of every Board meeting are circulated to all directors for their perusal prior to confirmation of the minutes at the following Board meeting. Minutes of Board meetings are kept by the Company Secretary and are open for inspection by directors.

Board of Directors (cont'd)

Board Meetings (cont'd)

Directors make their best efforts to contribute to the development of strategy, policies and decision-making by attending the Board meetings in person, use Zoom or other electronic means.

During the year 2024, the Company held four Board meetings. The summary of works performed by the Board were as follows:

- discussed the business development and strategies of the Group;
- approved the Group's financial and profit budget;
- reviewed and received financial and business updates with information on the Company's latest financial and operational performance;
- reviewed the implementation and/or effectiveness of those policies, mechanisms and systems that are considered important;
- approved the interim and annual results announcement of the Group and the release to the public;
- approved the interim report as well as the annual report of the Company (including the Corporate Governance Report and the Environmental, Social and Governance ("ESG") Report) and the release to the public;
- declared interim dividend payment and recommended final dividend for shareholders' approval;
- endorsed the nomination of the retiring directors for re-election at the AGM;
- approved the re-appointment of the retiring members of various Board committees;
- endorsed the recommendation for re-appointment of the Company's external auditor for shareholders' approval and fixed their fee as authorized by the shareholders;
- approved the appointment of internal audit co-sourcing partners and relevant fees;
- reviewed and approved policies/guidelines/terms of reference in relation to risk management and internal control, finance, operation and compliance etc. and, where applicable, to approve the release to the public;
- reviewed the Company's purpose, value and strategy;
- considered and approved the way of holding AGM of the Company etc; and
- approved the discloseable transaction and relevant announcement in relation to the disposal of shareholding in Hong Kong Life Insurance Limited by Asia Insurance Company, Limited, wholly owned subsidiary of the Company, and the release of such announcement to the public.

Board of Directors (cont'd)

Attendance Records of Directors

Other than regular Board meetings, the Chairman also held a meeting with the INEDs without the presence of the other directors and management during the year to discuss issues relating to the Group that the INEDs wish to raise to the Board.

The attendance record of each director at the Board meetings held in 2024 and the 2024 AGM of the Company are set out below:

Name of director	Board meetings	2024 AGM
Executive Directors:		
CHAN Bernard Charnwut *(Chairman and President)*	4/4	1/1
TAN Stephen	4/4	1/1
WONG Kok Ho	4/4	1/1
NEDs:		
KAWAUCHI Yuji	4/4	1/1
TATEGAMI Susumu	4/4	1/1
INEDs:		
AU YANG Chi Chun Evan	4/4	1/1
NGAN Edith Manling	4/4	1/1
LI Lu Jen Laurence	3/4	0/1

Liability Insurance for Directors

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities against possibility of legal action to be taken against the directors and the senior executives. In year 2024, no claim under the insurance policy was made.

Board of Directors (cont'd)

Directors' Training

All directors are required to keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. During the year, all directors were provided with the monthly management accounts of the Group as well as reading materials for regular updates on applicable legal and regulatory requirements. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

In year 2024, the Company organised an in-house webinar on the topic of "Management Level Information Security Awareness Training" for directors at the Company's expense and conducted by an IT consulting firm. Written materials of the webinar were provided to all directors for reading and reference. Apart from what the Company had arranged, some of the directors also attended other external training seminars.

According to the training records provided by all current directors of the Company as at 31st December, 2024, which had been reviewed by the Compliance Committee in March 2025, all directors have complied with Code Provision C.1.4 of the CG Code during the year. The training received by the current directors is summarized as follows:

Name of director	Reading materials (relevant to the Group's businesses, directors' duties & regulatory updates)	Attending webinars/ seminars (relevant to the Group's businesses, directors' duties & regulatory updates)
Executive Directors:		
CHAN Bernard Charnwut *(Chairman and President)*	✓	✓
TAN Stephen	✓	✓
WONG Kok Ho	✓	✓
NEDs:		
KAWAUCHI Yuji	✓	✓
TATEGAMI Susumu	✓	✓
INEDs:		
AU YANG Chi Chun Evan	✓	✓
NGAN Edith Manling	✓	✓
LI Lu Jen Laurence	✓	✓

Diversity

The Board recognises that board composition should reflect a necessary balance of skills, experience and diversity of perspectives, and the Board has adopted a Board Diversity Policy setting out the Company's approach to achieve and maintain diversity on the Board. Such policy is published on the Company's website.

Pursuant to the Board Diversity Policy, appointments of Board members are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board including, but not limited to, gender, age, cultural and educational background, race, professional experience, skills, knowledge, length of services and other factors that the Board may consider relevant and applicable from time to time. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy on an annual basis.

An analysis of the Board's current composition as at 31st December, 2024 is as follows:

		Number of directors	
Designation	Executive Director (Note 1)	3	37.5%
	NED	2	25.0%
	INED	3	37.5%
Gender	Male	7	87.5%
	Female	1	12.5%
Age group	71-80	2	25.0%
	51-60	6	75.0%
Nationality	Chinese	6	75.0%
	Non-Chinese	2	25.0%
Directorship with Asia Financial (years)	Over 20	1	12.5%
	10-19	2	25.0%
	1-9	5	62.5%
Other listed company directorships	5	1	12.5%
	3	2	25.0%
	1	3	37.5%
	0	2	25.0%

Note:

1. Senior Management consist of 3 members representing all the executive directors of the Company.

Diversity (cont'd)

The Board also recognises the importance of gender diversity at the Board and workforce levels.

The Company has adopted the requirement of the Listing Rules that at least a director of a different gender be appointed on the Board no later than 31st December, 2024 as the measureable objective for achieving gender diversity at the Board level and targets to maintain the current level of female representation at the Board level for 2025. The Company has achieved the measureable objective since 2023 by having one female director on the Board. Such female director, being an INED, acts as Chairperson of the Audit Committee and members in other Board committees.

Information in relation to the gender diversity in the workforce are set out in the "Employment" section of the Environmental, Social and Governance Report of this annual report.

The Board will continue to review and assess the target and measureable objectives of the gender diversity of the Company from time to time with reference to the Company's own circumstances and needs and will adjust the target and measureable objectives of gender diversity where necessary.

Delegation by the Board

Board Committees

As an important part of a sound corporate governance practice, the Board has set up several Board committees including the Executive Committee, the Remuneration Committee, the Nomination Committee, the Compliance Committee, the Audit Committee and the Risk Committee to assist it in carrying out its responsibilities.

Each of these Board committees has its specific written terms of reference which set out in detail their respective authorities and responsibilities. All these Board committees, except the Executive Committee, comprise a majority of INEDs.

Executive Committee

The Board has delegated the day-to-day management of the Company's business to the Executive Committee which consists of all executive directors of the Company. The Executive Committee usually meets once a month with the Group's senior executives and is responsible for formulating the policies of the Group on major strategic, financial, regulatory, risk management, commercial and operational issues for the Board's consideration; implementing policies as determined by the Board and monitoring the operational and financial performance of the Group.

In year 2024, the Executive Committee held eleven meetings. The attendance record of each executive director is set out below:

Name of executive director	**Number of meetings attended/held**
CHAN Bernard Charnwut *(Chairman and President)*	11/11
TAN Stephen	11/11
WONG Kok Ho	11/11

Delegation by the Board (cont'd)

Remuneration Committee

The Remuneration Committee was set up with specific terms of reference which are available on the websites of the Company and the Stock Exchange. The name of chairperson and members are set out in the attendance record shown below. The Remuneration Committee meets at least once each year with the Company's Head of Human Resources and reports to the Board on their decisions or recommendations following each meeting.

The Remuneration Committee is responsible for considering and making recommendations to the Board on the Company's remuneration policy and for the formulation and review of the remuneration packages of all the directors, Board committees' members and senior executives of the Group. The Remuneration Committee may seek advice from external professional advisors for market data of executive remuneration and other remuneration related issues if required.

During the year 2024, the Remuneration Committee held one meeting. The summary of works performed by the Remuneration Committee were as follows:

- reviewed and recommended for approval by the Board the annual salary review, the emolument of the executive directors and allocation of discretionary bonus;
- reviewed and recommended for the Board's endorsement the remuneration proposal of the directors' fees and the Board committees' members' fees subject to the shareholders' approval at the AGM of the Company;
- ensured no director or any of his associates is involved in deciding his own remuneration;
- conducted annual review, endorsement/approval of relevant policies/guidelines/terms of reference with reference to the Committee's scope of work and made recommendations to the Board where applicable; and
- submitted a summary report on the resolved issues and recommendations to the Board.

The attendance record of each member at the Remuneration Committee meeting held in 2024 is set out below:

Name of member	**Number of meeting attended/held**
INEDs:	
LI Lu Jen Laurence *(Chairperson)*	1/1
AU YANG Chi Chun Evan	1/1
NGAN Edith Manling	1/1
Executive Directors:	
CHAN Bernard Charnwut	1/1
WONG Kok Ho	1/1

Delegation by the Board (cont'd)

Nomination Committee

The Nomination Committee was set up with specific terms of reference which are available on the websites of the Company and the Stock Exchange. The name of chairperson and members are set out in the attendance record shown below. The Nomination Committee meets at least once each year and reports to the Board on their decisions or recommendations following each meeting.

The Nomination Committee is responsible for making recommendations to the Board on nominations, appointments or re–appointments of directors and committee members in accordance with the Nomination Policy adopted by the Company. The Nomination Committee considers and reviews, among other things, the structure, size, composition and diversity of the Board, the balance of skills, knowledge and experience of the candidates, independence of INEDs, re-election of retiring directors, term of appointment of NEDs (and INEDs) and the membership of respective Board committees. The Nomination Committee is also responsible for developing and reviewing measurable objectives for the Company's Board Diversity Policy to ensure its effectiveness. The Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

During the year 2024, the Nomination Committee held two meetings and three written resolutions were passed by all members of the Nomination Committee. The summary of works performed by the Nomination Committee were as follows:

- reviewed, assessed and confirmed the independence of all the INEDs;
- reviewed the structure, size, composition and diversity of the Board;
- considered and recommended to the Board of the nomination of the retiring directors for re-election by shareholders at the Company's AGM;
- considered and recommended to the Board of the re-appointment of the retiring members of various Board committees;
- conducted annual review, endorsement/approval of relevant policies/guidelines/terms of reference with reference to the Committee's scope of work and made recommendations to the Board where applicable; and
- submitted summary reports on the resolved issues and recommendations to the Board.

Delegation by the Board (cont'd)

Nomination Committee (cont'd)

The attendance record of each member at the Nomination Committee meetings held in 2024 is set out below:

Name of member	Number of meeting attended/held
INEDs:	
AU YANG Chi Chun Evan *(Chairperson)*	2/2
NGAN Edith Manling	2/2
LI Lu Jen Laurence	2/2
Executive Directors:	
CHAN Bernard Charnwut	2/2
WONG Kok Ho	2/2

Compliance Committee

The Compliance Committee was set up with specific terms of reference which are available on the websites of the Company and the Stock Exchange. The name of chairperson and members are set out in the attendance record shown below. The Compliance Committee meets at least twice each year and reports to the Board on their decisions or recommendations following each meeting.

The Board has delegated the responsibility of overseeing the corporate governance functions to the Compliance Committee to ensure that the Company implements sound corporate governance practices and procedures. The Compliance Committee is responsible for reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

Delegation by the Board (cont'd)

Compliance Committee (cont'd)

During the year 2024, the Compliance Committee held four meetings. The summary of works performed by the Compliance Committee were as follows:

- received report on progress on the main ESG targets for 2024;
- reviewed the Company's compliance with the ESG Reporting Code and disclosure in the ESG Report;
- reviewed the reports on the work done by the Compliance Officer on the Group's compliance with legal and regulatory requirements;
- conducted annual review, endorsement/approval of relevant policies/guidelines/terms of reference with reference to the Committee's scope of work and made recommendations to the Board where applicable;
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;
- reviewed the training records of all the directors and the Company Secretary;
- submitted compliance reports to the Audit Committee; and
- submitted summary reports on the resolved issues and recommendations to the Board.

The attendance record of each member at the Compliance Committee meetings held in 2024 is set out below:

Name of member	**Number of meetings attended/held**
INEDs:	
AU YANG Chi Chun Evan *(Chairperson)*	4/4
NGAN Edith Manling	4/4
LI Lu Jen Laurence	4/4
Executive Directors:	
CHAN Bernard Charnwut	4/4
TAN Stephen	2/4

Delegation by the Board (cont'd)

Audit Committee

The Audit Committee was set up with specific terms of reference which are available on the websites of the Company and the Stock Exchange. The name of chairperson and members are set out in the attendance record shown below. The chairperson possesses the appropriate professional accounting qualifications and financial management expertise.

The Audit Committee meets at least three times each year and has separate meetings with the external auditor/internal auditor in the absence of management to discuss any audit issues and any other matters the external auditor/internal auditor may wish to raise.

The Audit Committee is responsible for reviewing, among other things, the Group's financial reporting, the nature and scope of audit, the effectiveness of the internal control system, and compliance relating to financial reporting. The Audit Committee is also responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the Group's external auditor and internal auditors. The Audit Committee reports to the Board following each Audit Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware of, identifying any matters in respect of which it considers that action or improvement is needed, and make relevant recommendations.

The Audit Committee has the overall responsibility for overseeing, monitoring and reviewing the operation of the Company's Whistleblowing Policy. This policy is devised to provide a channel through which all staff members may report incidents of improprieties in a secured and confidential manner such that reporting employees are assured of protection against unfair dismissal, victimization or unwarranted disciplinary actions if they acted in good faith and exercised due care.

During the year 2024, the Audit Committee held four meetings, three of which were in the presence of the external auditor. In addition, the Audit Committee met the external auditor once in the absence of management and the internal auditor once in the presence of the external auditor and the absence of management to discuss matters the auditor may wish to raise. The summary of works performed by the Audit Committee were as follows:

- reviewed the interim and annual financial results and reports of the Group;
- reviewed the changes in accounting standards and their impacts on the Group's financial statements;
- reviewed reports from the external auditor and agreed with the external auditor's work;
- reviewed the statutory audit plan, audit scope and the non-audit services performed by the external auditor;
- reviewed and recommended for approval by the Board the audit fees payable to the external auditor;
- reviewed the independence and objectivity of the external auditor and make recommendation to the Board, for the approval by shareholders, of the re-appointment of the external auditor and approval of their remuneration;
- reviewed and approved the internal audit plans and internal audit scope, and recommended for approval by the Board the appointment and fee in relation to external IT internal audit consultant;
- reviewed the reports on internal audit progress, findings and recommendations from the Group Internal Audit and the external internal audit consultant and the responses from the management;

Delegation by the Board (cont'd)

Audit Committee (cont'd)

- reviewed the effectiveness of the Group's internal control system and process covering the controls for financial, operational and compliance;
- reviewed the compliance reports from the Compliance Committee to monitor the Group's compliance with regulatory and statutory requirements;
- conducted annual review, endorsement/approval of relevant policies/guidelines/terms of reference with reference to the Committee's scope of work and made recommendations to the Board where applicable; and
- submitted summary reports on the resolved issues and recommendations to the Board.

The attendance record of each member at the Audit Committee meetings held in 2024 is set out below:

Name of member	**Number of meetings attended/held**
INEDs:	
NGAN Edith Manling *(Chairperson)*	4/4
AU YANG Chi Chun Evan	4/4
LI Lu Jen Laurence	4/4

Risk Committee

The Risk Committee was set up with specific terms of reference which are available on the websites of the Company and the Stock Exchange. The name of chairperson and members are set out in the attendance record shown below. The Risk Committee meets at least two times each year and reports to the Board on their decisions or recommendations following each meeting.

The Risk Committee is responsible for assisting the Board to oversee the effectiveness of the Group's risk management system and framework, to review and develop risk management policy, manual and guideline, and to advise the Board on the appropriateness and effectiveness of risk controls/mitigation tools and risk management functions. The Risk Committee is also responsible for making recommendations to the Board on the appointment and/or removal of the Chief Risk Officer of the Company and monitor the management's responsiveness to the findings and recommendations of the Chief Risk Officer.

Delegation by the Board (cont'd)

Risk Committee (cont'd)

During the year 2024, the Risk Committee held four meetings. The summary of works performed by the Risk Committee were as follows:

- reviewed the report/update on risk management by the Chief Risk Officer, including the review of the risk assessment summary of the Company with its risk appetite and tolerance;
- reviewed the effectiveness of the Group's risk management system and framework;
- conducted annual review, endorsement/approval of relevant policies/guidelines/terms of reference with reference to the Committee's scope of work and made recommendations to the Board where applicable; and
- submitted summary reports on the resolved issues and recommendations to the Board.

The attendance record of each member at the Risk Committee meetings held in 2024 is set out below:

Name of member	Number of meetings attended/held
INEDs:	
LI Lu Jen Laurence *(Chairperson)*	4/4
AU YANG Chi Chun Evan	4/4
NGAN Edith Manling	4/4
Executive Directors:	
CHAN Bernard Charnwut	4/4
WONG Kok Ho	4/4

Auditor's Remuneration

During the year under review, the fees paid/payable to the Company's external auditor, Ernst & Young, Hong Kong, are as follows:

Services rendered	Fees paid/payable *HK$'000*
Audit services	7,700
Non-audit services*	1,190
Total:	8,890

* The non-audit services fees paid/payable to the external auditor were for advice on taxation matters and for preparation, review, submission of tax returns, interim agreed-upon procedures and other non-audit engagement.

Accountability and Audit

Financial Reporting

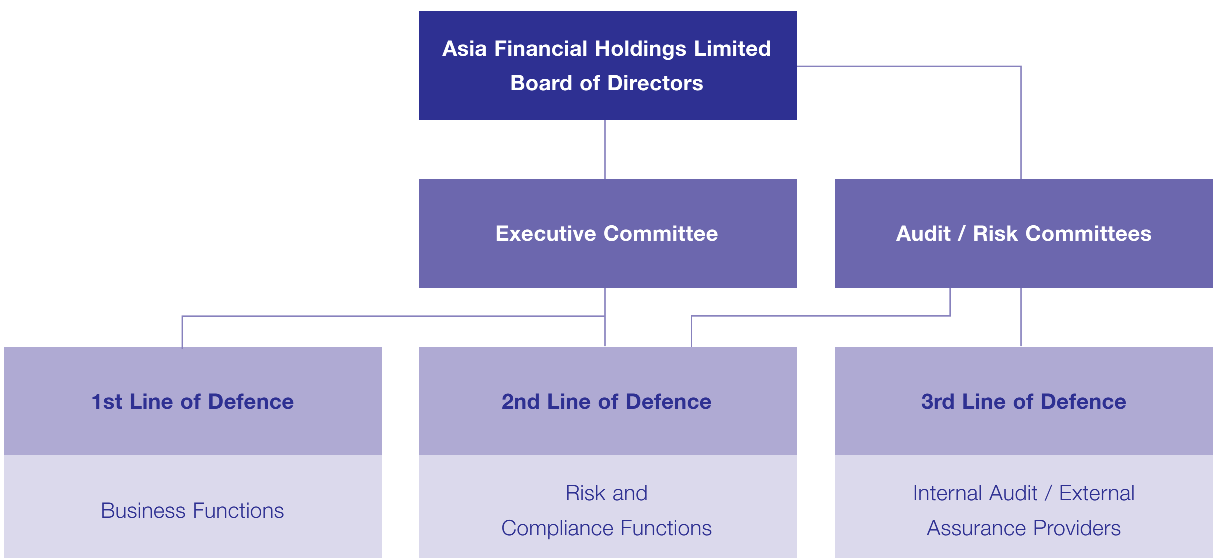
Directors are responsible for overseeing the preparation of consolidated financial statements of each financial period which give a true and fair view of the financial position of the Company and its subsidiaries as at the end of the reporting period and of their financial performance and cash flows for that period then ended. In preparing the consolidated financial statements for the year ended 31st December, 2024, the directors selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and prepared the accounts on the going concern basis.

The consolidated financial statements of the Company and its subsidiaries for the year ended 31st December, 2024 have been audited by the external auditor, Ernst & Young, and reviewed by the Audit Committee. The directors acknowledged their responsibility for preparing the consolidated financial statements which were prepared in accordance with statutory requirements and applicable accounting standards. As at 31st December, 2024, the directors were not aware of any material uncertainties relating to events or conditions which might cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditor with respect to the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December, 2024 are set out in the Independent Auditor's Report of this annual report.

Risk Management and Internal Control

The Board acknowledged the responsibility for maintaining and overseeing an appropriate and effective risk management and internal control systems. These systems will monitor the material aspects of the Group's business and operations and also to safeguard its assets. The risk management and internal control systems of the Group comprises a well-established organisational structure and the internal policies, procedures and guidelines. Such systems are designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss, and to manage and minimize risks of failure in operational systems.



Accountability and Audit (cont'd)

Risk Management and Internal Control (cont'd)

The Board delegates operational duties and responsibilities to the management, which comprises senior executives and operating heads of different business units/departments. The management oversees the daily business operations, identifies potential opportunities and inherent risks so that the identified risks (including ESG risks, principal risks, emerging risks and also fraud risks) can be well-understood, managed and/or mitigated. Appropriate operation policies, standards and procedures are in place in different business units/departments and being exercised accordingly, and their efficiency and effectiveness are monitored by the head of each business unit/department to ensure effective segregation of duties.

The Board has adopted the Risk Management Policy which covers the Group's risk appetite and risk management framework at strategic and operation levels in identifying, measuring, monitoring and controlling risks including credit risk, liquidity risk, interest rate risk, foreign exchange risk, equity price risk, operational risk, compliance risk, human resources risk, direct investment risk, IT & cybersecurity risk, subsidiary risk, audit risk, country risk and climate risks related to ESG compliance. The Board has also approved the use of the "Code of Conduct" which stipulates the anti-fraud and anti-corruption controls, principles, standards, moral and ethical expectations etc. that the staff or other third parties who interact with the Group must follow. In addition, a whistleblowing policy and system has been adopted by the Board for employees or those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group.

The Board has established the Risk Committee to assist the Board to oversee the effectiveness of the Group's risk management system with the assistance of the Chief Risk Officer who takes up the risk management functions and developed the Risk Register for implementing risk management and internal control practices. The Chief Risk Officer is also responsible for reviewing the risk management status in the Group, to monitor and review the execution of and compliance with the established risk control policies and measures. Regular audits or reviews are conducted to provide assurance that the risk controls are in place in business and operational units of the Group. The Chief Risk Officer presents periodical update to the members of the Risk Committee on the progress of the development of the enterprise risk management system and framework.

The Risk Committee reviewed the effectiveness of the Group's risk management system covering all material risks and the resources allocated to the risk functions at least annually. The Risk Committee reported the review result to the Board following each Risk Committee meeting.

Phase 1	Phase 2	Phase 3	Phase 4
Risk Identification	**Risk Assessment**	**Risk Reporting & Response**	**Risk Monitoring & Oversight**
Department heads identify and document the risks that potentially impact the key processes of their operations, evaluate the risks and updated the Risk Register.	The identified risks are assessed by the Department Heads and Chief Risk Officer, score the risks identified along with their impact on the business and the likelihood of their occurrence. Validate the relevant mitigation controls.	Risks Identified are supported by mitigation plans and risk scoring, reviewed by the appropriate level management executive and reported to the senior management and Risk Committee.	The application of the risk management system and its effectiveness are monitored by the management executives and Risk Committee. The Risk Committee will report to the Board concerning the effectiveness of Risk Management Framework.

Accountability and Audit (cont'd)

Risk Management and Internal Control (cont'd)

The Board also delegates the responsibility of reviewing the effectiveness of the Group's internal control system to the Audit Committee. The Audit Committee monitors the Group's risk management process and internal control system through the Internal Audit Department ("IAD"). IAD performs ongoing assessments and regular independent reviews of all material controls of the Group, checks for compliance with policies and standards and evaluates the effectiveness of internal control structures across the Group.

To complement the in-house internal audit team, the Company also engaged an external consultant during the year to assist in performing periodic internal audits and reviews on certain departments and business units across the Group. IAD and the external consultant presented the internal audit reports to the members of the Audit Committee. The reports were then followed up to ensure corrective actions have been taken in respect of any finding previously identified and they have been properly resolved.

The Compliance Committee acknowledged the responsibilities of formulating, reviewing, approving and monitoring the Group's policies and practices on compliance with legal and regulatory requirements. Two Compliance Officers, one for the Company and the other for Asia Insurance have been appointed to perform the compliance function and implement the compliance management system. Reports are presented to relevant committee regularly on their works done related to the Group's compliance function. The Compliance Committee submits compliance reports to the members of the Audit Committee after each of their meetings.

Using a risk-and-control based audit approach, IAD and the external consultant plan their respective internal audit schedules and reviews annually with audit resources being focused on higher risk areas. Their internal audit plans for each financial year are discussed with and submitted to the Audit Committee for review and approved before the end of the preceding year or as and when required.

The Audit Committee reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls during the year and the adequacy of resources, staff qualifications and experience, training programmes and budget of accounting, internal audit and financial reporting functions at least annually. The Audit Committee reported the review result to the Board following each Audit Committee meeting.

The Board reviewed, considered and satisfied that the Group's risk management and internal control systems are effective, adequate and in compliance with the risk management and internal control code provisions of the CG Code. Based on the review result and the reports from the Audit Committee and Risk Committee, the Board has acknowledged that no material weakness was identified for the year ended 31st December, 2024 and there were no major changes to the risk management and internal control systems during the year.

The Board has adopted the Inside Information Disclosure Policy which sets out the approach, procedures and internal controls for the handling and dissemination of inside information of the Group to ensure the inside information is maintained confidentially or to be disseminated to the public in timely and accurate manner in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Listing Rules and all other applicable rules and regulations. The Inside Information Disclosure Policy will be reviewed, as appropriate, and any amendment to such policy shall be approved by the Board to ensure its continued effectiveness from time to time.

Company Secretary

During the year, Ms. CHIANG Yuet Wah Connie ("Ms. Chiang"), being an employee of the Company, acted as the Company Secretary. The Company Secretary has day-to-day knowledge of the Company's affairs who should report to the Chairman and the President and is responsible for advising the Board through the Chairman and the President on governance matters.

Ms. Chiang confirmed that she had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training during the year under review.

Remuneration of Directors and Senior Management

The Remuneration Policy of the Company is to maintain fair and competitive packages based on business needs and industry practice. The overall remuneration package of each individual director and senior management is determined based on the market level of similar positions in comparable companies and by reference to factors including individual working positions, qualifications, experience, level of responsibilities as well as the Group's performance and profitability.

During the year, the level of fees and emoluments paid to directors and senior management depends on their respective contractual terms under employment contracts or letters of appointments, if any, and as recommended by the Remuneration Committee and the Board for shareholders' approval at the Company's AGM.

Information relating to the remuneration of directors on a named basis for the year ended 31st December, 2024 is set out in note 7 to the financial statements.

Constitutional Documents

There was no change to the Company's Memorandum of Association and Bye-laws during the year ended 31st December, 2024. A copy of the latest consolidated version of the Memorandum of Association and the Bye-laws is available on the websites of the Company and the Stock Exchange.

Dividend Policy

Policy on payment of dividend of the Company is in place setting out the principles and matters that shall be observed and considered when deciding the payment of dividend. Such principles and matters include but not limited to compliance with applicable laws, rules and regulations, the performance and liquidity of the Group, and after prudent and adequate reserve and provision of tax been duly made. The policy shall be reviewed/endorsed by the Executive Committee and the Audit Committee periodically and submitted to the Board for approval if amendments are required.

Communications with Shareholders

The Board recognises the importance of good communications with all shareholders. The Company has established the Shareholders Communication Policy and posted it on its website. The policy sets out the processes to provide the shareholders with ready, equal, timely and understandable information on the Company in order to enable them to exercise their rights in an informed manner, and also includes channels for shareholders to communicate their views on various matters affecting the Company.

Communications with Shareholders (cont'd)

The Company is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the websites of the Company and the Stock Exchange. The Company may conduct post-results press conferences, with executive directors and senior management present to answer questions. Meetings with institutional investors and financial analysts are also conducted upon such requests being received.

The AGM provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the AGM for which at least 21 clear business days prior notice is given. The Chairman as well as chairmen of the Audit Committee, the Compliance Committee, the Nomination Committee, the Remuneration Committee and the Risk Committee (or in their absence, other members of such committees) together with the external auditor are available to answer shareholders' questions at the meeting. The Chairman also advises all other directors to attend the AGM in order to gain and develop a balanced understanding of the views of shareholders. All resolutions proposed at the AGM must be decided on a poll, which the Company's Hong Kong Branch Share Registrar will conduct as scrutineer for the vote-taking and the results of the poll will be published on the websites of the Company and the Stock Exchange.

To facilitate shareholders at different places/countries to join the AGM, the Company's last AGM was held virtually by electronic means on Tuesday, 4th June, 2024. Shareholders joining the AGM can vote by poll and raise questions via online platform. Details of the poll results are available on both the Company's and Stock Exchange's websites.

The next AGM will continue to be held virtually by electronic means on or about Wednesday, 28th May, 2025, the notice of which will be set out in the circular to shareholders, which together with this annual report will be available on the Company's website at www.afh.hk and the HKEXnews website at www.hkexnews.hk on or about 17th April, 2025.

The Compliance Committee conducted a review of the implementation and effectiveness of the Shareholders Communication Policy annually. Last review was conducted in March 2025 and having considered the multiple channels of communication and engagement with shareholders in place, the Compliance Committee is satisfied that the Shareholders Communication Policy has been properly implemented in 2024 and is effective. The Board conducted a further review on the Shareholders Communication Policy and concurred that such policy was properly implemented and was still effective.

Shareholders' Rights

Convening a Special General Meeting

Shareholders holding in aggregate of not less than one-tenth (1/10) of the paid up capital can send a written request to the Board or the Secretary of the Company to request a Special General Meeting ("SGM").

The written request should be deposited at the Company's principal place of business for the attention of the Company Secretary.

The written request must state the resolution(s), accompanied by a statement of the matters referred in the proposed resolution(s) and signed by the shareholders concerned.

The request will be verified with the Company's Hong Kong Branch Share Registrar and upon its confirmation that the request is proper and in order, the Company will convene a SGM within twenty-one (21) days of the deposit of the request. The actual SGM shall be held within two (2) months after the deposit of the written request.

Notice of SGM will be sent out at least fourteen (14) clear days before the meeting unless shorter notice is permitted by the majority members having the right to attend and vote at the meeting.

Shareholders' Rights (cont'd)

Making Proposals at Shareholders' Meeting

Shareholder can send a written request to the Board or the Secretary of the Company to make proposal(s) at a shareholders' meeting. The written request must state the resolution(s), accompanied by a statement of the matters referred in the proposed resolution(s) and signed by the shareholder concerned.

The written request should be deposited with the Company at its principal place of business at least fourteen (14) clear days before the date of the shareholders' meeting.

The request will be verified with the Company's Hong Kong Branch Share Registrar and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution(s) in the agenda for the shareholders' meeting.

A revised notice of the shareholders' meeting that included the proposed resolution(s) will be issued to the shareholders.

Nomination of Person for Director Election

Shareholder wishes to nominate a person to stand for election as a director at the Company's AGM should send a written notice to the Company Secretary at the Company's principal place of business within the period of at least seven (7) days as determined by the Company. Such lodgement period will commence no earlier than the day after dispatch of the notice of AGM and end no later than seven (7) days prior to the date of AGM.

The nomination notice must be signed by the nominating shareholder and stated: (i) the name, address and shareholding of the nominating shareholder; (ii) the proposed candidate's biographical details as required by the Rule 13.51(2) of the Listing Rules; and (iii) a signed letter from the candidate confirming willingness to act as director if being elected.

The nomination notice will be verified with the Company's Hong Kong Branch Share Registrar and upon its confirmation that the notice is proper and in order, the Company Secretary will arrange a meeting of the Nomination Committee of the Company.

The nomination notice will be reviewed by the members of the Nomination Committee who will consider the factors such as gender, age, cultural and educational background, character, integrity, diversity of experience, area of expertise, other commitments, independence and other factors that the Nomination Committee may consider appropriate.

After assessing the nomination, the Nomination Committee will send a report to the Board advising whether the candidate possessed the qualifications for a position on the Board. The Nomination Committee will recommend the right candidate to the Board for election as a director at the AGM.

The Company will publish an announcement or issue a supplementary circular and dispatch it to shareholders containing the details of the candidate(s) proposed. The Board's consideration, rationale and assessment conclusion recommended by the Nomination Committee should be included in the supplementary circular for the consideration of shareholders. If for INED nomination, it should further explain on identification process, independence, sufficient time commitment, contribution in the diversity of the Board.

The shareholder proposing the candidate will be required to attend the AGM and read out the proposed resolution at the AGM.

Shareholders' Rights (cont'd)

Sending Enquiries

Shareholders enquire about their shareholdings should contact the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders who have any queries to the Board should send the questions to the Company Secretary whose details are as follows:

The Company Secretary
Asia Financial Holdings Limited
16th Floor, Worldwide House
19 Des Voeux Road Central
Hong Kong
Email : contactus@afh.hk
Tel : (852) 3606 9200
Fax : (852) 2869 1609

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year 2024 and up to the date of this annual report as required by the Listing Rules.

The directors present their report and the audited financial statements for the year ended 31st December, 2024.

Principal Activities

The principal activity of the Company is investment holding directly and indirectly through its subsidiaries and associates (the "Group"). Details of the principal activities of its principal subsidiaries are set out in detail in note 36 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Business Review

A discussion and analysis of the activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the Group's business; a description of the principal risks and uncertainties facing the Group; particulars of important events affecting the Group that have occurred since the end of the financial year 2024; an indication of likely future development in the Group's business; an analysis of the Group's performance using financial key performance indicators; a discussion on the Group's environmental policies and performance; the Group's compliance with the relevant laws and regulations that have a significant impact on the Group; and an account of the key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends, are provided in the "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", and "Environmental, Social and Governance Report" set out on pages 4 to 61 of this annual report. This discussion forms part of this directors' report.

Results and Dividends

The Group's profit for the year ended 31st December, 2024 and the Group's financial position at that date are set out in the financial statements on pages 81 to 178.

An interim dividend of HK5.5 cents per ordinary share, totalling approximately HK$51,038,000, was paid on 4th October, 2024.

The directors recommended the payment of a final dividend of HK9.0 cents per ordinary share, totalling approximately HK$83,219,000 in respect of the year, which will be payable on or about 16th June, 2025 in cash to shareholders on the register of members of the Company on 6th June, 2025. This recommendation has been incorporated into the financial statements as an allocation of the retained profits within the equity section in the consolidated statement of financial position. Further details of this accounting treatment are set out in note 10 to the financial statements.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 22 to the financial statements.

Equity-Linked Agreements

There were no equity-linked agreements entered into by the Group during the year or subsisting at the end of the year.

Purchase, Redemption or Sale of Listed Securities of The Company

During the year ended 31st December, 2024, a subsidiary of the Company repurchased a total of 4,412,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate purchase price of approximately HK$16,265,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled during the year and after the end of the year. Details of the ordinary shares repurchased on the Stock Exchange during the year are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share Highest	Price per share Lowest	Aggregate purchase price (excluding expenses)
		HK$	*HK$*	*HK$'000*
March 2024	116,000	3.38	3.30	387
April 2024	672,000	3.40	3.30	2,278
May 2024	176,000	3.65	3.40	617
June 2024	58,000	3.70	3.50	211
July 2024	84,000	3.70	3.60	307
August 2024	108,000	3.75	3.50	404
September 2024	918,000	3.83	3.48	3,326
October 2024	552,000	3.95	3.75	2,151
November 2024	1,628,000	3.95	3.73	6,195
December 2024	100,000	3.95	3.81	389
	4,412,000			16,265

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the year and after the end of the year. As at the date of this report, the number of issued ordinary shares of the Company is 924,650,000 shares.

The purchase of the Company's shares during the year and after the end of the year was effected by the directors, pursuant to the mandate from shareholders received at the annual general meetings held in 2023 and 2024 respectively. The directors believe that the above share repurchases were exercised in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net asset value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December, 2024 and up to the date of this report.

Distributable Reserves

At 31st December, 2024, the Company's reserves available for cash distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981, amounted to HK$3,220,559,000, of which HK$83,219,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account and capital reserve, in the amount of HK$620,591,000 in aggregate, may be distributed in the form of fully paid bonus shares.

Five Years Financial Summary

The results and assets, liabilities and non-controlling interests of the Group for the last five years, as extracted from the published audited financial statements and restated as appropriate, are summarised below:

Results

	Year ended 31st December,				
	2024	**2023**	**2022**	**2021**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**3,291,506**	2,456,378	2,063,515	1,916,355	1,747,918
Profit for the year	**647,069**	346,753	123,198	677,471	362,456
Profit for the year attributable to:					
Equity holders of the Company	**647,069**	346,753	123,198	677,618	355,461
Non-controlling interests	**–**	–	–	(147)	6,995
	647,069	346,753	123,198	677,471	362,456

Assets, liabilities and non-controlling interests

	31st December,				
	2024	**2023**	**2022**	**2021**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**16,333,555**	15,035,394	14,734,713	14,908,146	16,013,170
Total liabilities	**(4,655,556)**	(4,286,548)	(3,839,415)	(4,116,080)	(4,861,298)
Non-controlling interests	**–**	–	–	–	(54,881)
	11,677,999	10,748,846	10,895,298	10,792,066	11,096,991

Major Customers

During the year, the percentages of total revenue of the Group attributable to the largest customer and five largest customers combined of the Group were as follows:

	Percentage of total revenue of the Group
The largest customer	20 %
Five largest customers combined	42 %

As at 31st December, 2024, none of the directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers.

Major Suppliers

The Group's major subsidiary is an insurance company, which is exempted from disclosing the particulars of suppliers. Accordingly, no such information has been disclosed.

Directors

The directors of the Company during the year and up to the date of the report were:

CHAN Bernard Charnwut*, G.B.M., G.B.S., J.P.
TAN Stephen*
WONG Kok Ho*
KAWAUCHI Yuji**
TATEGAMI Susumu**
AU YANG Chi Chun Evan***
NGAN Edith Manling***
LI Lu Jen Laurence***, S.C., J.P.

* Executive directors
** Non-executive directors
*** Independent non-executive directors

In accordance with Bye-law 84(1) of the Company's Bye-laws, Mr. TAN Stephen, Mr. WONG Kok Ho, Mr. TATEGAMI Susumu, Mr. AU YANG Chi Chun Evan and Mr. LI Lu Jen Laurence will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each independent non-executive director an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company still considers that all of them are independent.

Directors (cont'd)

Information regarding Directors' emoluments for the year ended 31st December, 2024 is set out in note 7 to the financial statements.

With effect from 1st January, 2025, the monthly salary of Mr. CHAN Bernard Charnwut, Mr. TAN Stephen and Mr. WONG Kok Ho has been changed from HK$460,490 to HK$481,218, from HK$255,900 to HK$267,416 and from HK$192,650 to HK$199,393 respectively.

Directors' Service Contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 31st December, 2024, the interests of the directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules were as follows:

	Number of ordinary shares held, capacity and nature of interest				
Name of director	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Total**	**Approximate % of the Company's issued share capital[1]**
CHAN Bernard Charnwut	1,912,680	–	578,829,712[2][3]	580,742,392	62.80
TAN Stephen	–	–	8,830,000[4]	8,830,000	0.95
WONG Kok Ho	810,000	430,000	–	1,240,000	0.13

Notes:

(1) Based on 924,750,000 shares in issue as at 31st December, 2024.

(2) Mr. CHAN Bernard Charnwut was deemed to be interested in 569,999,712 shares. Out of which, (i) 566,069,712 shares were held through Claremont Capital Holdings Ltd ("Claremont Capital"), (ii) 3,097,000 shares were held through Asia Panich Investment Company (Hong Kong) Limited ("Asia Panich") and (iii) 833,000 shares were held through Man Tong Company Limited ("Man Tong"). More than one-third of the issued share capital of Claremont Capital, Asia Panich and Man Tong are held by Cosmos Investments Inc. These corporations or their directors are accustomed to act in accordance with the directions or instructions of Mr. CHAN Bernard Charnwut.

(3) Mr. CHAN Bernard Charnwut was also deemed to be interested in 8,830,000 shares that were held through Robinson Enterprise Holdings Limited which was 54.2% held by Mr. CHAN Bernard Charnwut and his spouse.

(4) Mr. TAN Stephen was deemed to be interested in 8,830,000 shares that were held through Robinson Enterprise Holdings Limited which was 33.8% held by Mr. TAN Stephen and his spouse.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares (cont'd)

In addition to the above, Mr. WONG Kok Ho has non-beneficial personal equity interests in a subsidiary held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31st December, 2024, none of the Company's directors and chief executive had registered an interest or a short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

At no time during the year there were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31st December, 2024, the following persons (other than the directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company:

Name of shareholder	*Notes*	Number of ordinary shares held	Approximate % of the Company's issued share capital[1]
Cosmos Investments Inc.	(2), (3)	569,999,712	61.64
Claremont Capital Holdings Ltd	(2)	566,069,712	61.21
Bangkok Bank Public Company Limited		89,988,236	9.73
Sompo Holdings, Inc.	(4)	91,759,753	9.92
Sompo Japan Insurance Inc.	(4)	91,759,753	9.92
Aioi Nissay Dowa Insurance Company, Limited		52,550,175	5.68

Notes:

(1) Based on 924,750,000 shares in issue as at 31st December, 2024.

(2) These shares have been included in the interest disclosure of Mr. CHAN Bernard Charnwut as set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above.

(3) Cosmos Investments Inc. was deemed to be interested in 569,999,712 shares in which 566,069,712 shares were held by Claremont Capital, 3,097,000 shares were held by Asia Panich and 833,000 shares were held by Man Tong since Cosmos Investments Inc. holds more than one-third of the issued share capital of Claremont Capital, Asia Panich and Man Tong, respectively.

(4) Sompo Japan Insurance Inc. ("SJII") is a wholly-owned subsidiary of Sompo Holdings, Inc. ("SHI") and accordingly, the shares in which SJII is shown as interested are included in the shares in which SHI is shown as interested.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (cont'd)

Save as disclosed above, as at 31st December, 2024, no other persons had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in note 32(a) to the financial statements, no director nor a connected entity of a director had a material beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during or at the end of the year.

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company and the Company's subsidiaries were entered into or existed during the year.

No right to subscribe for equity or debt securities of the Company has been granted by the Company to, or have any such rights been exercised by, any person during the year ended 31st December, 2024.

Permitted Indemnity Provision

The Company's Bye-laws provides that all directors or other officers of the Company shall be entitled to be indemnified out of the Company's assets against all losses or liabilities which he or she may incur or sustain in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors' and officers' liability insurance throughout the year, which provides appropriate cover for certain legal actions brought against its directors and officers.

Directors' Interests in Competing Businesses

During the year and up to the date of this report, the following directors are considered to have interests in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, as set out below:

Name of director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group	Description of the businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
CHAN Bernard Charnwut	The People's Insurance Company of China (Hong Kong), Limited	General insurance	Director
	Sompo Japan Insurance (China) Company Limited	General insurance	Director
	BC Reinsurance Limited	Reinsurance	Director
	BE Reinsurance Limited	Reinsurance	Director
	United Builders Insurance Company Limited	General insurance	Director
	Avo Insurance Company Limited	Virtual general insurance	Chairman & Director
WONG Kok Ho	The People's Insurance Company of China (Hong Kong), Limited	General insurance	Director

Although the companies listed above operate in similar fields to certain operations of the Group, the board believes that the directors concerned are able to manage any potential conflicts of interest arising from their respective directorships and/or interests in such companies.

As the board of directors of the Company is independent from the boards of directors of these companies, the Group is capable of carrying on its businesses independently of, and at an arm's length from, the businesses of these companies.

Brief Biographical Details of Directors and Senior Management Staff

Executive Directors:

Mr. CHAN Bernard Charnwut (former name: CHAN Chi Sze Bernard), G.B.M., G.B.S., J.P., aged 60, has been an executive director of the Company since March 1997 and became President of the Company in March 2005, and appointed as Chairman of the Company since April 2022. He also serves as a member of the remuneration committee, the nomination committee, the compliance committee and the risk committee of the Company. Mr. Chan holds directorships in most of the subsidiaries of the Company. He has been an executive director of Asia Insurance Company, Limited ("Asia Insurance"), a wholly-owned subsidiary of the Company, since July 1990 and became Chairman of Asia Insurance in February 2020. He also serves as a member of the audit committee and the risk committee of Asia Insurance. Mr. Chan is also the Chairman of AFH Charitable Foundation Limited. He graduated from Pomona College in California, U.S.A. Mr. Chan is an independent non-executive director of Yau Lee Holdings Limited, China Resources Beer (Holdings) Company Limited, Cathay Pacific Airways Limited and CLP Holdings Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan is a director of Bumrungrad Hospital Public Company Limited, which is a company listed in Thailand. He is currently the Chairman of M Plus Museum Limited and Hong Kong-Thailand Business Council, the Chairman of Our Hong Kong Foundation, the Vice Chairman of The Hong Kong Council of Social Service, a Trustee Emeritus of Pomona College, California U.S.A., and an adviser to Bangkok Bank (China) Company Limited. Mr. Chan has been appointed as a member of Chief Executive's Council of Advisers since 17th March, 2023. He had been a Deputy to The National People's Congress of the People's Republic of China from 2008 to 2023. He had been the Convenor of the Non-official Members of the Executive Council of the HKSAR from 2017 to 2022. He was a director of PICC Life Insurance Company Limited which he resigned on 3rd November, 2023. He was an independent non-executive director of Chen Hsong Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited, which he retired on 26 August 2024. Mr. Chan is the brother of Mr. TAN Stephen and a substantial shareholder (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company. He is also a director of certain substantial shareholders of the Company (including the President of Cosmos Investments Inc. and a director of Claremont Capital Holdings Ltd) within the meaning of Part XV of the SFO and a director of certain companies controlled by substantial shareholder of the Company.

Mr. TAN Stephen, aged 71, has been an executive director of the Company since 30th May, 2006 and has been working for the Group for 38 years. He is a member of the compliance committee of the Company. In addition to directorships in other subsidiaries of the Company, Mr. Tan sits on the boards of AFH Charitable Foundation Limited, Bank Consortium Trust Company Limited and Hong Kong Life Insurance Limited. He is also an independent non-executive director of Pioneer Global Group Limited, China Motor Bus Company, Limited and Keck Seng Investments (Hong Kong) Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Tan serves as the Managing Director of both The Chinese General Chamber of Commerce and Hong Kong Chiu Chow Chamber of Commerce, the Honorary President of Federation of Hong Kong Shantou Community Organizations, the Honorary President of the Council of the Ninth Shantou Overseas Friendship Association, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited, the Supervisor of Chiu Yang Por Yen Primary School and the Manager of Chiu Yang Primary School of Hong Kong. Mr. Tan is a voting member of Tung Wah Group of Hospitals Advisory Board, a trustee of Outward Bound Trust of Hong Kong, a charter member of The Rotary Club of The Peak, a founding member of Opera Hong Kong Limited and a member of the Board of Governors of Hong Kong Sinfonietta Limited. Mr. Tan was educated in the U.S.A. and holds a bachelor's degree in Business Administration from Rutgers University, and a master's degree in Business Administration from St. John's University. Mr. Tan is the brother of Mr. CHAN Bernard Charnwut. He is a director of certain substantial shareholders of the Company (including a director of Cosmos Investments Inc. and Claremont Capital Holdings Ltd) within the meaning of Part XV of SFO and a director of certain companies controlled by substantial shareholder of the Company.

Brief Biographical Details of Directors and Senior Management Staff (cont'd)

Executive Directors: (cont'd)

Mr. WONG Kok Ho, aged 77, has been an executive director of the Company since 2nd May, 2007. Mr. Wong is a member of the remuneration committee, the nomination committee and the risk committee of the Company. He is also an executive director of Asia Insurance and a director of several other subsidiaries of the Company. Mr. Wong has served the Group for over 40 years and has extensive experience in the insurance industry. Mr. Wong is a director of Grand Plaza Hotel Corporation, a public company listed on the Philippine Stock Exchange. He sits on the boards of AFH Charitable Foundation Limited, AR Consultant Service (HK) Limited, Professional Liability Underwriting Services Limited, Asia Insurance (Philippines) Corporation, PT Asian International Investindo, APIC Holdings, Inc. and The People's Insurance Company of China (Hong Kong), Limited. Mr. Wong has also been appointed as the President of Asia Insurance (Philippines) Corporation and is an independent non-executive director of Sompo Insurance (Hong Kong) Company Limited. Mr. Wong was educated in Hong Kong and Deakin University, Melbourne, Australia and is a fellow member of The Chartered Insurance Institute, London. Mr. Wong was a member of the insurance subsector of the Election Committee 2018. He had served as the Chairman and a councillor of the Employees Compensation Insurer Insolvency Bureau, the General Insurance Council of the Hong Kong Federation of Insurers (HKFI) and the Council of Motor Insurers' Bureau of Hong Kong. He had also been a member of the General Committee of the Insurance Claims Complaints Bureau, the Governing Committee of the HKFI and the President of the Insurance Institute of Hong Kong.

Non-Executive Directors:

Mr. KAWAUCHI Yuji, aged 59, has been a non-executive director of the Company since 23rd March, 2018. Mr. Kawauchi is currently the Executive Vice President, in charge of Overseas Business, Wellbeing of Sompo Holdings, Inc. (a company listed on Japan Stock Exchange) which through its wholly-owned subsidiary, Sompo Japan Insurance Inc. ("Sompo Japan"), currently holds approximately 9.92% shareholding in the Company's issued share capital. Mr. Kawauchi is currently the Managing Executive Officer, General Manager of Global Business Department of Sompo Japan. He is a director of Japan–China Investment Promotion Organization and Japan-China Economic Association. Mr. Kawauchi is a Chartered Property and Casualty Underwriter (CPCU). He graduated from Tokyo Metropolitan University, Faculty of Law in 1988 and in the same year he joined The Yasuda Fire and Marine Insurance Company Limited (now known as Sompo Japan). Mr. Kawauchi had served as the President and Managing Director of Sompo Holdings (Asia) Pte. Limited from April 2017 to April 2019. Mr. Kawauchi had been a director of Sompo Insurance (Thailand) Public Company Limited from 15th May, 2017 to 25th April, 2018, an Executive Director of Berjaya Sompo Insurance Berhad (Malaysia) from April 2014 to April 2016 and a Non-Executive Director of Sompo International Holdings Ltd. from 1st January, 2020 to 1st October, 2022. He was also the Head of New Business in Asia etc. (excluding P&C insurance) of Sompo Holdings, Inc. from 1st October, 2022 to 31st March, 2024.

Mr. TATEGAMI Susumu, aged 51, has been a non-executive director of the Company since 19th May, 2023. Mr. Tategami is currently the General Manager of Global Business Department of Aioi Nissay Dowa Insurance Company, Limited ("Aioi Nissay Dowa"). Mr. Tategami graduated from Rikkyo University, Bachelor of Arts in Law and Politics in 1996 and in the same year he joined Aioi Nissay Dowa. Mr. Tategami had served as the Managing Director & Head of Asian Strategic Unit of Aioi Nissay Dowa Services Asia, Singapore since 2018 upto March 2023, running data analytics business in Southeast Asia and India, developing new technology and know-how as R&D, and managing the company as CEO. He was also the Deputy General Manager of Telematics Solutions group, H.Q. of Aioi Nissay Dowa from 2015 to 2017, proceeding telematics business globally, especially in Southeast Asia, and creating new market such as Ride-sharing where telematics can be used effectively. Mr. Tategami had been an Executive Advisor of Retail Business Centre of Ping An P&C Insurance Company of China (as a seconded staff), Shenzhen, China from 2010 to 2015, developed the SUBARU and Mazda insurance market in China, and expanded Toyota insurance market in China. Aioi Nissay Dowa currently holds approximately 5.68% shareholding in the Company's issued share capital. Mr. Tategami is a non-executive director of Bangkok Insurance Public Company Limited ("BKI") (a company delisted from The Stock Exchange of Thailand on 18 June 2024) and BKI Holdings Public Company Limited ("BKIH") (a company listed on The Stock Exchange of Thailand in place of BKI). He had been a non-executive director of Aioi Nissay Dowa Europe Limited, which is 100% owned subsidiary of Aioi Nissay Dowa, from 1st April, 2023 to 15th April, 2024.

Brief Biographical Details of Directors and Senior Management Staff (cont'd)

Independent Non-Executive Directors:

Mr. AU YANG Chi Chun Evan, aged 53, has been an independent non-executive director of the Company since 21st May, 2021. Mr. Au Yang is the chairperson of both the nomination committee and the compliance committee, and a member of the audit committee, the remuneration committee and the risk committee of the Company. He is also an independent non-executive director of Asia Insurance, a member of the audit committee and the risk committee of Asia Insurance. Mr. Au Yang is the Group President of Animoca Brands, a Hong Kong-based multinational blockchain technology and investment company focused on developing the digital property rights ecosystem, including play-to-earn games, non-fungible tokens (NFTs), decentralized finance (DeFi), blockchain marketplaces, infrastructure and more. Mr. Au Yang is also the Chairman of the Board of Civic Exchange, a non-partisan public policy think tank. He serves on the board of Sun Hung Kai & Co. Limited (a company listed on The Stock Exchange of Hong Kong Limited) as independent non-executive director. He is an Advisor for Our Hong Kong Foundation, a member of the Fintech Advisory Group of the Securities and Futures Commission, and serves on the Innovation and Technology Advisory Committee of the Hong Kong Trade Development Council, the Transport Policy Committee of the Chartered Institute of Logistics and Transport, the Development Fund Committee of the Hong Kong Council of Social Service, the Advisory Council for Institute at Brown for Environment and Society for Brown University, as well as the Board of Advisors of Hong Kong 2050 is Now. In addition, Mr. Au Yang is a lecturer at the Hong Kong Academy of Politics and Public Policy. Prior to joining Animoca Brands, Mr. Au Yang was the Managing Director and Head of GLG International (Gerson Lehrman Group), a technology-enabled expert insight platform where he ran and grew its business spanning Europe, Middle East, Africa and Asia-Pacific across 15 locations. Before GLG, Mr. Au Yang was the Deputy Managing Director of the Kowloon Motor Bus Co. (1933) Ltd. ("KMB") and a Board Director of Transport International Holdings Limited ("Transport International"), the parent company of KMB. Prior to joining Transport International and KMB, Mr. Au Yang was an Associate Partner at McKinsey & Company. Before that, Mr. Au Yang worked at Citigroup's Derivatives Structuring and Marketing unit. Mr. Au Yang obtained his undergraduate degree in Economics and Political Science from Brown University, and his MBA degree from the Kellogg School of Management at Northwestern University.

Ms. NGAN Edith Manling, aged 60, has been an independent non-executive director of the Company since 20th May, 2022. Ms. Ngan is the chairperson of the audit committee and a member of the nomination committee, the compliance committee, the remuneration committee and the risk committee of the Company. She is also an independent non-executive director of Asia Insurance, the chairperson of the audit committee and a member of the risk committee of Asia Insurance. Ms. Ngan is currently an independent non-executive director of Blue Moon Group Holdings Limited and Swire Pacific Limited, all of which are listed on The Stock Exchange of Hong Kong Limited ("HKEX"), and also an independent non-executive director of Tencent Music Entertainment Group, a company listed on both the New York Stock Exchange and the HKEX. She has been appointed as an independent non-executive director of Manulife (International) Limited since 25th June, 2024. Ms. Ngan was an independent non-executive director of HKBN Ltd., a company listed on the HKEX, from September 2022 to September 2023. Ms. Ngan brings to her board appointments extensive experience in public and private financial and corporate management, governance and business development. She received her Bachelor of Science degree in industrial engineering and engineering management from Stanford University and is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors.

Brief Biographical Details of Directors and Senior Management Staff (cont'd)

Independent Non-Executive Directors: (cont'd)

Mr. LI Lu Jen Laurence, S.C., J.P., aged 53, has been an independent non-executive director of the Company since 19th May, 2023. Mr. Li is the chairperson of both the remuneration committee and the risk committee, and a member of the audit committee, the nomination committee and the compliance committee of the Company. He is also an independent non-executive director of Asia Insurance, the chairperson of the risk committee and a member of the audit committee of Asia Insurance. Mr. Li is a barrister. He was called to the Hong Kong Bar in 2006 and appointed Senior Counsel in 2019. Mr. Li practices commercial litigation with an emphasis on matters involving the financial markets and financial services. He regularly acts for banks, investors, listed companies, their directors, shareholders, accounting firms, valuers, the Government, and the regulators. Mr. Li also often acts in Mainland-related cases both in court and in arbitration. Prior to being called to the Hong Kong Bar, Mr. Li served in several positions in the Securities and Futures Commission in Hong Kong and, before that, worked in a law firm in New York. Mr. Li is currently the Chairperson of the Pay Trend Survey Committee, a member of the Standing Commission on Civil Service Salaries and Conditions of Service, a member of the ICAC Complaints Committee, and a member of Hong Kong Housing Society ("HKHS") and a member of the Finance Committee of HKHS. He is a Judge of the Regulatory Tribunal of the Qatar International Court in Qatar. Mr. Li is currently a director of the Airport Authority, a board member and a member of the HR Committee of Aviation Security Company Limited. He also serves as director on the boards of BE Reinsurance Limited, SVHK Foundation Limited, SVHK Capital Limited, Light Be Foundation Limited, Light Be (Social Realty) Company Limited, Light Be (Sham Tseng Social Housing) Company Limited, Light Be (Tin Shui Wai Social Housing) Company Limited, and Esperanza Limited. Mr. Li has stepped down as Chairperson and Director of the Financial Services Development Council on 16 January 2025. Mr. Li obtained his Bachelor of Arts degree from Yale University and his Juris Doctor degree from Harvard Law School. He is a Fellow of The Hong Kong Polytechnic University, an Honorary Fellow of the Asian Institute of International Financial Law at The University of Hong Kong, and a Senior Fellow of the Centre for Financial Regulation and Economic Development at The Chinese University of Hong Kong.

Remuneration Policy and Basis of Determining Remuneration of Directors and Senior Management

Information relating to employees and remuneration policy and information relating to remuneration of directors and senior management are set out in the "Management Discussion and Analysis" and "Corporate Governance Report" respectively in this annual report.

Donations

During the year, the Group made charitable donations totalling HK$6,269,000 (2023: HK$6,075,000).

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company believes that the percentage of shares of the Company which were in the hands of the public was above the relevant prescribed minimum percentage as at the date of this report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Corporate Governance

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" in this annual report.

Auditor

The financial statements for the year ended 31st December, 2024 have been audited by Ernst & Young who retire and a resolution for the reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

CHAN Bernard Charnwut
Chairman & President

Hong Kong, 26th March, 2025

EY 安永

To the shareholders of Asia Financial Holdings Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Asia Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 81 to 178, which comprise the consolidated statement of financial position as at 31st December, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of Liability for Incurred Claims	
As at 31st December, 2024, the Group had liabilities for incurred claims for the insurance business of HK$3,960 million, representing 85% of the Group's total liabilities. Valuation of liability for incurred claims requires management to select methods and assumptions that are subject to significant degree of judgement, key assumptions include loss development factors and expected loss ratios applied in loss development triangle, discount rate and risk adjustment for non-financial risk. Consequently, small changes in these methods or assumptions can materially impact the valuation of these liabilities. Auditing the liability for incurred claims was complex and required the application of significant auditor judgement due to the complexity of the selection and use of assumptions and interrelationship of these variables in measuring the amount. The audit effort involved professionals with specialized skills and knowledge to assist in evaluating the audit evidence. Related disclosures are included in notes 2.5, 24 and 34 to the consolidated financial statements.	In conjunction with our internal specialists, the procedures we performed that addressed the key audit matter included, amongst others: • Inquired and inspected the end to end reserving process to obtain an understanding of relevant controls over the valuation of liability for incurred claims by assessing relevant documentation and meeting with actuarial team of the Group; • Assessed the methodologies and key assumptions, and determined whether they were in compliance with generally accepted actuarial practices; • Compared our independent re-projection of the liability of incurred claims for major business portfolios to those performed by the management and enquired with management significant differences noted, if any; and • Performed test of details, on sample basis, on the amounts recorded for claims incurred and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of incurred claim reserves. Assessed the adequacy of the disclosures related to the valuation of liability for incurred claims.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income that were categorized as Level 3	
As at 31st December, 2024, the Group had investments in various financial instruments, of which HK$367 million and HK$3,335 million, representing 2% and 20% of the Group's total assets, are stated at fair value and classified as "financial assets at fair value through profit or loss" and "equity investments designated at fair value through other comprehensive income" in Level 3, respectively. Fair value measurement can be a subjective area, especially for financial instruments with model based valuation or with weak liquidity and price discovery. Valuation techniques for financial instruments without active markets can be subjective in nature and involve various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could lead to significantly different estimates of fair value. Specific areas of focus include the valuation of Level 3 assets where valuation techniques are applied in which unobservable inputs are used. Significant unobservable inputs include the determination of the use of multiples of price to book, price to earning and price to embedded value and discount of lack of marketability discount. Related disclosures are included in notes 2.5, 17, 19 and 33 to the financial statements.	In conjunction with our internal specialists, the procedures we performed that addressed the key audit matter included, amongst others: • Obtained an understanding of the Group's valuation process through inspection, inquiry or observation; • Evaluated the pricing model methodologies, and key unobservable inputs of selected financial instruments by comparing them with appropriate benchmarks; • Evaluated the valuation of selected financial instruments by considering alternative valuation methodologies and assessing sensitivities to key inputs; and • Validated the accuracy of arithmetical calculation in the pricing models. Assessed the adequacy of related disclosures regarding fair value measurement of financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income in Level 3.

Other Information Included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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 consolidated 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 Group's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Sui Yan.

Ernst & Young
Certified Public Accountants
27/F, Taikoo Place,
979 King's Road
Quarry Bay, Hong Kong

26th March, 2025

Consolidated Statement of Profit or Loss

Year ended 31st December, 2024

	Notes	2024 HK$'000	2023 HK$'000
Insurance revenue	4, 25	**3,291,506**	2,456,378
Insurance service expense	25	**(2,461,250)**	(1,966,780)
Net expenses from reinsurance contracts held	25	**(394,588)**	(181,386)
Insurance service result		**435,668**	308,212
Finance expense from insurance contracts issued	26	**(97,076)**	(134,664)
Finance income from reinsurance contracts held	26	**31,229**	43,298
Insurance operating result		**369,821**	216,846
Dividend income		**154,449**	173,653
Realised gain on investments		**55,203**	24,441
Unrealised gain on investments		**149,532**	59,940
Interest income		**175,513**	162,487
Other income and losses, net		**(46,447)**	(8,209)
		858,071	629,158
Operating expenses		**(192,467)**	(151,813)
Finance costs	5	**(143)**	(108)
		665,461	477,237
Share of profits or losses of joint ventures	14	**33,009**	(63,446)
Share of profits or losses of associates		**55,864**	17,449
PROFIT BEFORE TAX	6	**754,334**	431,240
Income tax expense	9	**(107,265)**	(84,487)
PROFIT FOR THE YEAR		**647,069**	346,753
Attributable to:			
Equity holders of the Company		**647,069**	346,753
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic and diluted			
– For profit for the year		**HK69.7 cents**	HK37.2 cents

Consolidated Statement of Comprehensive Income

Year ended 31st December, 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
PROFIT FOR THE YEAR		**647,069**	346,753
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**(42,161)**	(9,104)
Exchange differences on translation of foreign operations		**(1,755)**	461
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(43,916)**	(8,643)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	*17*	**506,578**	(448,898)
Income tax effect	*28*	**(67,106)**	56,972
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**439,472**	(391,926)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**395,556**	(400,569)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,042,625**	(53,816)
ATTRIBUTABLE TO:			
Equity holders of the Company		**1,042,625**	(53,816)

Consolidated Statement of Financial Position

31st December, 2024

	Notes	**31st December, 2024 HK$'000**	31st December, 2023 HK$'000
ASSETS			
Property, plant and equipment	*12*	**182,894**	185,593
Investment properties	*13*	**186,200**	231,500
Interests in joint ventures	*14*	**542,406**	538,312
Interests in associates	*15*	**857,181**	846,422
Due from associates	*15*	**259,390**	256,710
Held-to-collect debt securities at amortised cost	*16*	**1,586,577**	1,280,125
Equity investments designated at fair value through other comprehensive income	*17*	**5,482,070**	4,975,492
Pledged deposits	*21*	**344,352**	341,440
Other assets	*18*	**398,840**	198,305
Financial assets at fair value through profit or loss	*19*	**2,746,119**	2,039,674
Reinsurance contract assets	*20*	**1,225,147**	1,256,419
Cash and bank balances	*21*	**2,522,379**	2,885,402
Total assets		**16,333,555**	15,035,394

continued/...

Consolidated Statement of Financial Position

31st December, 2024

	Notes	**31st December, 2024 HK$'000**	31st December, 2023 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital	*22*	**924,750**	929,296
Reserves	*23*	**10,670,030**	9,773,097
Proposed final dividend	*10*	**83,219**	46,453
Total equity		**11,677,999**	10,748,846
Liabilities			
Insurance contract liabilities	*24*	**3,891,024**	3,491,504
Due to a joint venture	*14*	**38**	38
Due to associates	*15*	**4,222**	4,222
Other liabilities	*27*	**309,920**	492,737
Tax payable		**242,852**	54,733
Deferred tax liabilities	*28*	**207,500**	243,314
Total liabilities		**4,655,556**	4,286,548
Total equity and liabilities		**16,333,555**	15,035,394

CHAN Bernard Charnwut
Chairman & President

TAN Stephen
Executive Director

Consolidated Statement of Changes in Equity

Year ended 31st December, 2024

	Attributable to equity holders of the Company													
	Issued capital *HK$'000*	Treasury shares *HK$'000*	Share premium account *HK$'000*	Share based reserve *HK$'000*	Contingency reserve *HK$'000* *(note 23)*	Fair value reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Retained profits *HK$'000*	Proposed final dividend *HK$'000*	Total *HK$'000*
At 1st January, 2023	936,588	(408)	560,531	7,983	119,056	2,761,275	141,570	(66,469)	2,427	513,240	121,433	5,765,313	32,759	10,895,298
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	346,753	–	346,753
Other comprehensive income for the year:														
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(391,926)	–	–	–	–	–	–	–	(391,926)
Share of other comprehensive income of associates	–	–	–	–	–	(873)	–	(8,231)	–	–	–	–	–	(9,104)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	461	–	–	–	–	–	461
Total comprehensive income for the year	–	–	–	–	–	(392,799)	–	(7,770)	–	–	–	346,753	–	(53,816)
Final 2022 dividend declared	–	–	–	–	–	–	–	–	–	–	–	–	(32,759)	(32,759)
Interim 2023 dividend	–	–	–	–	–	–	–	–	–	–	–	(37,220)	–	(37,220)
Proposed final 2023 dividend *(note 10)*	–	–	–	–	–	–	–	–	–	–	–	(46,453)	46,453	–
Repurchase of shares *(note 22)*	(7,292)	(388)	–	–	–	–	–	–	–	–	–	(17,280)	–	(24,960)
Transfer to capital redemption reserve *(note 22)*	–	–	–	–	–	–	–	–	–	–	7,292	(7,292)	–	–
Transfer to contingency reserve	–	–	–	–	33,053	–	–	–	–	–	–	(33,053)	–	–
Release from contingency reserve	–	–	–	–	(9,581)	–	–	–	–	–	–	9,581	–	–
Share of share based reserve of a joint venture	–	–	–	2,303	–	–	–	–	–	–	–	–	–	2,303
Reclassification of fair value reserve	–	–	–	–	–	6,219	–	–	–	–	–	(6,219)	–	–
Share of changes in contingency reserve of a joint venture	–	–	–	–	390	–	–	–	–	–	–	(390)	–	–
At 31st December, 2023	929,296	(796)*	560,531*	10,286*	142,918*	2,374,695*	141,570*	(74,239)*	2,427*	513,240*	128,725*	5,973,740*	46,453	10,748,846

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Consolidated Statement of Changes in Equity

Year ended 31st December, 2024

	Attributable to equity holders of the Company													
	Issued capital HK$'000	Treasury shares HK$'000	Share premium account HK$'000	Share based reserve HK$'000	Contingency reserve HK$'000 (note 23)	Fair value reserve HK$'000	Asset revaluation reserve HK$'000	Exchange reserve HK$'000	Statutory reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1st January, 2024	929,296	(796)	560,531	10,286	142,918	2,374,695	141,570	(74,239)	2,427	513,240	128,725	5,973,740	46,453	10,748,846
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	647,069	–	647,069
Other comprehensive income for the year:														
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	439,472	–	–	–	–	–	–	–	439,472
Share of other comprehensive income of associates	–	–	–	–	–	(345)	–	(41,816)	–	–	–	–	–	(42,161)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(1,755)	–	–	–	–	–	(1,755)
Total comprehensive income for the year	–	–	–	–	–	439,127	–	(43,571)	–	–	–	647,069	–	1,042,625
Final 2023 dividend declared	–	–	–	–	–	–	–	–	–	–	–	47	(46,453)	(46,406)
Interim 2024 dividend	–	–	–	–	–	–	–	–	–	–	–	(51,038)	–	(51,038)
Proposed final 2024 dividend *(note 10)*	–	–	–	–	–	–	–	–	–	–	–	(83,219)	83,219	–
Repurchase of shares *(note 22)*	(4,546)	406	–	–	–	–	–	–	–	–	–	(12,153)	–	(16,293)
Transfer to capital redemption reserve *(note 22)*	–	–	–	–	–	–	–	–	–	–	4,546	(4,546)	–	–
Transfer to contingency reserve	–	–	–	–	43,858	–	–	–	–	–	–	(43,858)	–	–
Release from contingency reserve	–	–	–	–	(11,778)	–	–	–	–	–	–	11,778	–	–
Share of share based reserve of a joint venture	–	–	–	265	–	–	–	–	–	–	–	–	–	265
Share of changes in contingency reserve of a joint venture	–	–	–	–	715	–	–	–	–	–	–	(715)	–	–
At 31st December, 2024	924,750	(390)*	560,531*	10,551*	175,713*	2,813,822*	141,570*	(117,810)*	2,427*	513,240*	133,271*	6,437,105*	83,219	11,677,999

* These reserve accounts comprise the consolidated reserves of HK$10,670,030,000 (31st December, 2023: HK$9,773,097,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31st December, 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**754,334**	431,240
Adjustments for:			
Interest income	6	**(175,513)**	(162,487)
Finance costs	5	**143**	108
Dividend income from investments	6	**(154,449)**	(173,653)
Gain on changes in ownership interest in an associate	6	**(4,316)**	(51,823)
Gain on redemption/call-back of held-to-collect debt securities at amortised cost	6	**(351)**	–
Depreciation	6	**16,143**	16,452
Changes in expected credit losses			
– held-to-collect debt securities at amortised cost	6	**20,044**	1,856
Changes in fair value of investment properties	6	**45,300**	11,600
Loss on disposal/write-off of items of property, plant and equipment	6	**24**	314
Share of profits or losses of joint ventures		**(33,009)**	63,446
Share of profits or losses of associates		**(55,864)**	(17,449)
		412,486	119,604
Decrease/(increase) in other assets		**(210,391)**	37,663
Increase in financial assets at fair value through profit or loss		**(706,445)**	(243,183)
Decrease/(increase) in reinsurance contract assets		**31,272**	(255,969)
Decrease/(increase) in time deposits with original maturity of over three months		**411,207**	(682,978)
Increase in insurance contract liabilities		**399,520**	271,284
Increase/(decrease) in other liabilities		**(183,562)**	184,095
Cash generated from/(used in) operations		**154,087**	(569,484)
Hong Kong profits tax refund/(paid)		**1,746**	(7,692)
Overseas profits tax paid		**(8,875)**	(7,975)
Overseas withholding tax paid		**(14,978)**	(16,867)
Net cash flows from/(used in) operating activities		**131,980**	(602,018)

continued/...

Consolidated Statement of Cash Flows

Year ended 31st December, 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Net cash flows from/(used in) operating activities		**131,980**	(602,018)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**185,410**	135,486
Dividends received from investments		**154,449**	173,653
Dividends received from joint ventures	*14*	**29,180**	21,820
Dividends received from associates		**7,260**	7,414
Purchases of held-to-collect debt securities at amortised cost		**(694,670)**	(228,338)
Proceeds from redemption/call-back of held-to-collect debt securities at amortised cost		**368,525**	133,971
Purchases of items of property, plant and equipment	*12*	**(12,301)**	(14,929)
Capital contribution to joint ventures		**–**	(10,500)
Increase in amount due from an associate		**(4,537)**	(963)
Decrease in amount due from an associate		**1,857**	1,125
Increase in pledged deposits		**(2,912)**	(45,632)
Net cash flows from investing activities		**32,261**	173,107
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	*22*	**(16,293)**	(24,960)
Dividends paid		**(97,444)**	(69,979)
Principal portion of lease payments	*29*	**(2,177)**	(2,503)
Interest paid	*29*	**(143)**	(108)
Net cash flows used in financing activities		**(116,057)**	(97,550)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**48,184**	(526,461)
Cash and cash equivalents at beginning of year		**1,130,589**	1,657,050
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,178,773**	1,130,589

continued/...

Year ended 31st December, 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
ANALYSIS OF BALANCES OF CASH AND BANK BALANCES			
Cash and bank balances	*21*	**439,316**	419,487
Non-pledged time deposits with original maturity of over three months when acquired	*21*	**1,343,606**	1,754,813
Non-pledged time deposits with original maturity of less than three months when acquired	*21*	**739,457**	711,102
Cash and bank balances as stated in the consolidated statement of financial position		**2,522,379**	2,885,402
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(1,343,606)**	(1,754,813)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,178,773**	1,130,589

1. Corporate and Group Information

Asia Financial Holdings Limited is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Group comprise the provision of underwriting of general and life insurance and investment holding. There were no significant changes in the nature of the Group's principal activities during the year. Particulars of the Company's principal subsidiaries are detailed in note 36 to the financial statements.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Claremont Capital Holdings Ltd, which was incorporated in the British Virgin Islands.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies, except where exemption is applicable. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

2.1 Basis of Preparation (cont'd)

Basis of consolidation (cont'd)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Non-current Liabilities with Covenants (the "2022 Amendments")*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2 Changes in Accounting Policies and Disclosures (cont'd)

Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1st January, 2025

2 Effective for annual periods beginning on or after 1st January, 2026

3 Effective for annual/reporting periods beginning on or after 1st January, 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1st January, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (cont'd)

HKFRS 19 *Subsidiaries without Public Accountability: Disclosures*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have significant impact on the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (cont'd)

Amendments to HKAS 21 *Lack of Exchangeability*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 *Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material Accounting Policies

Insurance contracts and reinsurance contracts held

Initial and subsequent measurement

The Company uses the Premium Allocation Approach ("PAA") for measuring insurance contract. The coverage period of insurance contracts with one year or less are always eligible for PAA. The Company also uses PAA for measuring group of contracts with coverage period of greater than one year as the liability for remaining coverage was assessed and concluded that there will be no material difference in the measurement of the liability for remaining coverage between PAA and the General Measurement Model ("GMM").

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

   (i) the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

   (ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

The reinsurance contracts held provide coverage on the insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, on initial recognition, the Group measures the Liability for Remaining Coverage ("LRC") at the amount of premiums received and less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid net of ceding commissions received from the reinsurer.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For reinsurance contracts held, commissions paid to reinsurance brokers are recognised over the coverage period of contracts in a group.

2.4 Material Accounting Policies (cont'd)

Insurance contracts and reinsurance contracts held (cont'd)

Initial and subsequent measurement (cont'd)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and

b. the Liability for Incurred Claims ("LIC"), comprising the Fulfilment Cash Flows ("FCF") related to past service allocated to the Group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and

b. the incurred claims, comprising the FCF related to past service allocated to the Group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period;

b. decreased for insurance acquisition cash flows paid in the period;

c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and

d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period;

b. decreased for ceding commissions paid in the period; and

c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

Unless when measuring a loss component, the Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because financing component is not considered to be significant.

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

There are investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

2.4 Material Accounting Policies (cont'd)

Insurance contracts and reinsurance contracts held (cont'd)

Initial and subsequent measurement (cont'd)

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money, since the insurance contracts issued by the Group and measured under the PAA typically have a settlement period of over one year.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. This related income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are presented in the net income from reinsurance contracts held.

The Group does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

Insurance revenue

Insurance revenue represents the amount of expected premium receipts allocated to each period of insurance contract services on the basis of the passage of time.

For groups of insurance contracts measured under the PAA, the Group generally recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

2.4 Material Accounting Policies (cont'd)

Insurance contracts and reinsurance contracts held (cont'd)

Insurance service expense

Insurance service expense include the following:

a. incurred claims and benefits, excluding investment components reduced by loss component allocations;

b. other incurred directly attributable expenses;

c. insurance acquisition cash flows amortisation;

d. changes that relate to past service – changes in the FCF relating to the LIC; and

e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is generally based on the passage of time.

Expenses that are not directly attributable are included in operating expenses in the consolidated statement of profit or loss.

Net income/(expense) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;

b. incurred claims recovery, excluding investment components;

c. other incurred directly attributable expenses recovery;

d. changes that relate to past service – changes in the FCF relating to incurred claims recovery and incurred directly attributable expenses; and

e. income on initial recognition and reversal of loss recovery component of onerous underlying contracts.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 Material Accounting Policies (cont'd)

Revenue recognition (cont'd)

Revenue from contracts with customers (cont'd)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures.

2.4 Material Accounting Policies (cont'd)

Investments in associates and joint ventures (cont'd)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 Material Accounting Policies (cont'd)

Business combinations and goodwill (cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31st December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 Material Accounting Policies (cont'd)

Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than financial assets, reinsurance assets, investment properties and a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 Material Accounting Policies (cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment (including right-of-use assets arising from leases under HKFRS 16) are stated at cost or valuation less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Land and buildings with residual lease periods of not more than 50 years are depreciated in equal annual instalments over the terms of leases excluding any renewal period. Buildings with residual lease periods of more than 50 years are depreciated on a straight-line basis at 2% per annum.

Furniture, fixtures, equipment, yachts and motor vehicles are depreciated to write off the cost of each asset over their estimated useful lives of 3 to 10 years.

Right-of-use assets are depreciated over the shorter of useful lives and lease terms as follows:

Carparks	2 years
Office equipment	3 to 5 years
Office properties	2 to 6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, any attributable revaluation surplus realised in respect of previous valuations is transferred directly to retained profits as a reserve movement.

2.4 Material Accounting Policies (cont'd)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as movements in the asset revaluation reserve.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated or amortised.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 Material Accounting Policies (cont'd)

Leases (cont'd)

Group as a lessee (cont'd)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's right-of-use assets are included in property, plant and equipment.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in other liabilities.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 Material Accounting Policies (cont'd)

Leases (cont'd)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as either subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" above.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 Material Accounting Policies (cont'd)

Investments and other financial assets (cont'd)

Initial recognition and measurement (cont'd)

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as dividend income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 Material Accounting Policies (cont'd)

Investments and other financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes financial assets at fair value through profit or loss which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as dividend income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 Material Accounting Policies (cont'd)

Derecognition of financial assets (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 Material Accounting Policies (cont'd)

Impairment of financial assets (cont'd)

General approach (cont'd)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 Material Accounting Policies (cont'd)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other liabilities, amounts due to associates and insurance payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 Material Accounting Policies (cont'd)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Treasury shares

Owner equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and bank balances

Cash and bank balances in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4 Material Accounting Policies (cont'd)

Employee benefits

The Group operates a defined contribution provident fund (the "Fund") and a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions to the Fund and the MPF Scheme are charged to the consolidated statement of profit or loss as incurred. The amount of contributions by the Group is based on a specified percentage of the monthly relevant income of the eligible employees. Forfeited contributions of the Fund in respect of employees who leave before the contributions become fully vested are available to the Group to reduce its ongoing funding and retirement scheme costs. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully. The assets of the Fund and the MPF Scheme are held separately from those of the Group and placed in independently administered funds.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

2.4 Material Accounting Policies (cont'd)

Income tax (cont'd)

Deferred tax is provided, using the liability method, on all material temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all material taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all material deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 Material Accounting Policies (cont'd)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve the relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimates, assumptions and judgements are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty

The key assumptions concerning the future 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, are described below.

Eligibility considerations of the PAA

The Group applies the PAA to simplify the measurement of insurance and reinsurance contracts. In addition to the contracts with coverage of less than one year, the PAA can be used for measurement of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the GMM.

The Group exercises significant judgement to determine whether there the LRC measured under GMM is materially different with the LRC measured under PAA. In the event for a group of insurance contracts, the LRC results between the measurement model differs larger than the thresholds determined by the Group, the PAA will not be eligible and the Group shall apply the GMM to recognise and measure that group of insurance contracts.

The judgements exercised in setting the thresholds to determine 'material difference' in the above assessment fundamentally affect the approach the group of insurance contracts is recognised and presented in the consolidated financial statements. The accounting policy on PAA's recognition and measurement is described in note 2.4.

Critical accounting estimates

It can take a significant period of time before the ultimate claims cost can be established with certainty. The primary technique adopted by management in estimating the cost of ultimate claims is using the past claim settlement trends to predict the future claim settlement trends. At each reporting date, prior year estimates of claims are reassessed for adequacy and any changes from the previous assessment are made to the provision. The Group also applies discounting to the insurance claims provisions and the determination of discount rates involves significant judgement as described below.

2.5 Significant Accounting Judgements and Estimates (cont'd)

Estimation uncertainty (cont'd)

Discount rates

The bottom-up approach was applied in the determination of the discounts rates for different products.

According to amendment of the Hong Kong Insurance Ordinance, the Group implemented the Hong Kong Risk-based Capital ("RBC") from 1st July, 2024. The RBC framework prescribes a method in determining the risk-free discount rates for measuring the insurance contracts. The Group applies the discount rates determined under RBC as the source of risk-free discount rate for the purposes of its HKFRS 17 reporting and consider this to be an update in accounting estimates for 2024. The method and assumption of the illiquidity premium is remained unchanged in this update.

Yield Curve Approach as at 31st December, 2024

The Group adopts the RBC yield curve published by the Hong Kong Insurance Authority as the source of liquid risk-free yield curve. The yield curve is determined by the swap rate and constructed using the Smith-Wilson method, to converge the curves towards the applicable ultimate forward rate specified by the Hong Kong Insurance Authority.

Yield Curve Approach as at 31st December, 2023

The Group adopts the yields published by the Hong Kong government bodies as the source of liquid risk-free yield curve. The yield curve will be constructed through interpolation between market observable maturities which will be performed using the Smith-Wilson method. The yield curve represents nominal risk-free rates that include future inflation. Hence, the yield curve shall be applied in discounting nominal cash flows (i.e. include the effect of inflation).

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

Currency HKD	31st December, 2024	31st December, 2023
1-year	3.88%	3.97%
5-year	3.60%	3.30%
10-year	3.65%	3.47%
15-year	3.72%	3.92%

Onerous contracts

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

The Group assess the profitability to identify portfolios of contracts and determine groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently.

The readily available information from internal reporting and actuarial valuation that captures information about estimates is used to indicate when a group of contracts may be onerous. The Group estimates the loss component in LRC for onerous groups of contracts at each future reporting period.

2.5 Significant Accounting Judgements and Estimates (cont'd)

Estimation uncertainty (cont'd)

Estimation of expected premiums

Premium from reinsurance contracts are based upon reports received from reinsurance brokers and ceding companies, supplemented by the Company's own estimates of premium for which ceding companies' reports have not yet received.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled.

The Value-at-Risk approach is used to determine the risk adjustment for non-financial risk, where the standard errors estimated by the Bootstrap method will be used to calculate the stand-alone risk adjustment for each portfolio.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 75% (2023: 75%).

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2023.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised in the foreseeable future. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax asset relating to tax losses was recognised at 31st December, 2024 (2023: Nil). The amount of unrecognised tax losses at 31st December, 2024 was HK$377,344,000 (2023: HK$408,210,000). Further details are contained in note 28 to the financial statements.

Fair value measurement of unlisted financial instruments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 33 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and business size differences. The Group classifies the fair value of these investments as Level 3. Further details are contained in notes 17, 19 and 33 to the financial statements.

Provision for expected credit losses on debt instruments

The Group uses the general approach to calculate ECLs for debt instruments at amortised cost by considering published credit ratings and the probability of default of comparable securities with published credit ratings. In the situation where credit ratings are not published or no comparable securities with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's debt instruments is disclosed in note 16 to the financial statements.

3. Operating Segment Information

For management purposes, the Group is organised into business units based on their business activities and has two reportable operating segments as follows:

(a) the insurance segment engages in the provision of underwriting of general and life insurance; and

(b) the corporate segment engages in securities trading and holding and other businesses.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax from existing operations.

Intersegment transactions are conducted with reference to the terms used for transactions with third parties.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2024 and 2023:

	Insurance		Corporate		Eliminations		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue (note 4):								
External customers	**3,291,506**	2,456,378	**–**	–	**–**	–	**3,291,506**	2,456,378
Other revenue, income and gains, net	**223,192**	150,588	**199,211**	170,358	**–**	–	**422,403**	320,946
Intersegment	**5,367**	5,635	**–**	–	**(5,367)**	(5,635)	**–**	–
Total	**3,520,065**	2,612,601	**199,211**	170,358	**(5,367)**	(5,635)	**3,713,909**	2,777,324
Segment results	**554,701**	372,642	**110,760**	104,595	**–**	–	**665,461**	477,237
Share of profits or losses of:								
Joint ventures	**(129)**	(90,465)	**33,138**	27,019	**–**	–	**33,009**	(63,446)
Associates	**34,310**	22,124	**21,554**	(4,675)	**–**	–	**55,864**	17,449
Profit before tax							**754,334**	431,240
Income tax expense	**(94,443)**	(68,959)	**(12,822)**	(15,528)	**–**	–	**(107,265)**	(84,487)
Profit for the year							**647,069**	346,753

3. Operating Segment Information (cont'd)

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2024 and 2023: (cont'd)

	Insurance		Corporate		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**8,108,133**	7,473,608	**6,825,835**	6,177,052	**14,933,968**	13,650,660
Interests in joint ventures	**404,249**	408,313	**138,157**	129,999	**542,406**	538,312
Interests in associates	**385,485**	371,542	**471,696**	474,880	**857,181**	846,422
Total assets	**8,897,867**	8,253,463	**7,435,688**	6,781,931	**16,333,555**	15,035,394
Segment liabilities	**4,152,376**	3,854,290	**503,180**	432,258	**4,655,556**	4,286,548
Other segment information:						
Depreciation charges	**13,051**	14,084	**3,092**	2,368	**16,143**	16,452
Loss on disposal/write-off of items of property, plant and equipment	**–**	314	**24**	–	**24**	314
Loss on change in fair value of investment properties	**3,300**	2,600	**42,000**	9,000	**45,300**	11,600
Capital expenditure	**6,127**	16,197	**7,341**	1,505	**13,468**	17,702

Geographical information

Over 90% of the Group's insurance revenue and results are derived from operations carried out in Hong Kong, Macau and Mainland China.

4. Insurance Revenue

Insurance revenue represents the amount of expected premium receipts allocated to each period of insurance contract services on the basis of the passage of time.

5. Finance Costs

	2024	2023
	HK$'000	*HK$'000*
Interest on lease liabilities	**143**	108

6. Profit Before Tax

The Group's profit before tax is arrived at after crediting/(charging):

	Notes	**2024** **HK$'000**	2023 HK$'000
Auditor's remuneration		**(7,700)**	(5,809)
Depreciation	12	**(16,143)**	(16,452)
Employee benefit expense (including directors' remuneration, note 7):			
Wages and salaries		**(232,907)**	(195,931)
Pension scheme contributions		**(8,545)**	(7,681)
Less: Forfeited contributions		**590**	118
Net pension scheme contributions		**(7,955)**	(7,563)
Total employee benefit expense		**(240,862)**	(203,494)
Expenses relating short-term leases and leases of low-value assets		**(1,126)**	(1,449)
Realised gain/(loss) on:			
– disposal of financial assets at fair value through profit or loss, net		**50,536**	(27,382)
– redemption/call-back of held-to-collect debt securities at amortised cost		**351**	–
– change in ownership interest in an associate		**4,316**	51,823
Total realised gain on investments		**55,203**	24,441
Unrealised gain on financial assets at fair value through profit or loss, net		**149,532**	59,940
Changes in expected credit losses for:			
– Held-to-collect debt securities at amortised cost	16	**(20,044)**	(1,856)
Interest income		**175,513**	162,487
Loss on disposal/write-off of items of property, plant and equipment*		**(24)**	(314)
Gross rental income*		**7,407**	6,807
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**(437)**	(450)
Change in fair value of investment properties*	13	**(45,300)**	(11,600)
Foreign exchange loss, net*		**(14,352)**	(8,380)
Dividend income from:			
– Listed investments		**98,348**	77,171
– Unlisted investments		**56,101**	96,482
Total dividend income		**154,449**	173,653

* These amounts were included in "Other income and losses, net" in the consolidated statement of profit or loss.

7. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

2024	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
Executive directors:					
CHAN Bernard Charnwut	160	6,586	2,960	276	9,982
TAN Stephen	80	3,927	2,800	154	6,961
WONG Kok Ho	140	2,504	300	116	3,060
	380	13,017	6,060	546	20,003
Non-executive directors:					
KAWAUCHI Yuji[1]	80	–	–	–	80
TATEGAMI Susumu[2]	80	–	–	–	80
	160	–	–	–	160
Independent non-executive directors:					
AU YANG Chi Chun Evan	340	–	-	–	340
NGAN Edith Manling	340	–	-	–	340
LI Lu Jen Laurence	340	–	–	–	340
	1,020	–	–	–	1,020
	1,560	13,017	6,060	546	21,183

7. Directors' Remuneration (cont'd)

2023	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:					
CHAN Bernard Charnwut	160	5,728	1,470	264	7,622
TAN Stephen	80	3,184	2,200	147	5,611
WONG Kok Ho	140	2,504	150	116	2,910
	380	11,416	3,820	527	16,143
Non-executive directors:					
KAWAUCHI Yuji[1]	80	–	–	–	80
OGURA Satoru[2,4]	30	–	–	–	30
TATEGAMI Susumu[2,5]	50	–	–	–	50
	160	–	–	–	160
Independent non-executive directors:					
LAI KO Wing Yee Rebecca[3]	126	–	–	–	126
AU YANG Chi Chun Evan	330	–	–	–	330
NGAN Edith Manling	330	–	-	–	330
LI Lu Jen Laurence[5]	205	–	–	–	205
	991	–	–	–	991
	1,531	11,416	3,820	527	17,294

1 Mr. KAWAUCHI Yuji was nominated as director by Sompo Japan Insurance Inc. ("Sompo"). He is entitled to a director's fee of HK$80,000 per annum (2023: HK$80,000 per annum) provided that his director's fee be payable in proportion to the period of his service in the event the duration of his directorship is for an incomplete year. As per Sompo's instruction, the director's fee of Mr. Kawauchi for the year ended 31st December, 2024 and 2023, was paid directly to "Sompo Japan Insurance Inc – HK Rep Office".

2 Mr. OGURA Satoru (resigned on 19th May, 2023) and Mr. TATEGAMI Susumu (appointed on 19th May, 2023) were nominated as director by Aioi Nissay Dowa Insurance Company, Limited ("Aioi Insurance"). Each of them is entitled to a director's fee of HK$80,000 per annum (2023: HK$80,000 per annum) provided that his director's fee be payable in proportion to the period of his service in the event that the duration of his directorship is for an incomplete year. As per Aioi Insurance's instruction, the director's fee of each of Mr. OGURA and Mr. TATEGAMI for the year ended 31st December, 2024 and 2023, was paid directly to Aioi Insurance.

3 Retired during the year ended 31st December, 2023.

4 Resigned during the year ended 31st December, 2023.

5 Appointed during the year ended 31st December, 2023.

8. Five Highest Paid Employees

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	HK$'000	*HK$'000*
Salaries, commission, allowances and benefits in kind	**10,424**	10,085
Discretionary bonuses	**4,500**	3,600
Pension scheme contributions	**479**	463
	15,403	14,148

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$3,000,001 to HK$3,500,000	**1**	1
HK$4,500,001 to HK$5,000,000	**–**	1
HK$5,000,001 to HK$5,500,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
HK$6,500,001 to HK$7,000,000	**1**	–
	3	3

9. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2024 *HK$'000*	2023 *HK$'000*
Current – Hong Kong		
Charge for the year	**186,142**	28,441
Under/(Over) provision in prior years	**335**	(119)
Current – Elsewhere		
Charge for the year	**24,322**	26,310
Over provision in prior years	**(614)**	(636)
Deferred *(note 28)*	**(102,920)**	30,491
Total tax charge for the year	**107,265**	84,487

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

2024

	Hong Kong *HK$'000*	**Elsewhere** *HK$'000*	**Total** *HK$'000*
Profit before tax	**529,961**	**224,373**	**754,334**
Tax at the statutory tax rates	**87,444**	**33,105**	**120,549**
Share of profits or losses attributable to joint ventures and associates	**(2,984)**	**–**	**(2,984)**
Adjustments in respect of current tax of previous periods	**335**	**(614)**	**(279)**
Income not subject to tax	**(35,955)**	**(23,810)**	**(59,765)**
Expenses not deductible for tax	**39,859**	**–**	**39,859**
Tax losses utilised from previous periods	**(5,597)**	**–**	**(5,597)**
Tax loss not recognised	**504**	**–**	**504**
Foreign withholding tax	**–**	**14,978**	**14,978**
Tax charge at the Group's effective rate	**83,606**	**23,659**	**107,265**
Effective tax rate	**15.8%**	**10.5%**	**14.2%**

9. Income Tax Expense (cont'd)

2023

	Hong Kong *HK$'000*	Elsewhere *HK$'000*	Total *HK$'000*
Profit before tax	198,532	232,708	431,240
Tax at the statutory tax rates	32,758	34,972	67,730
Share of profits or losses attributable to joint ventures and associates	10,742	–	10,742
Adjustments in respect of current tax of previous periods	(119)	(636)	(755)
Income not subject to tax	(38,287)	(25,840)	(64,127)
Expenses not deductible for tax	48,082	–	48,082
Tax loss not recognised	5,948	–	5,948
Foreign withholding tax	–	16,867	16,867
Tax charge at the Group's effective rate	59,124	25,363	84,487
Effective tax rate	29.8%	10.9%	19.6%

The share of tax attributable to joint ventures amounting to HK$9,371,000 (2023: HK$5,696,000) is included in "Share of profits or losses of joint ventures" in the consolidated statement of profit or loss. The share of tax attributable to associates and the effect of withholding tax on the distributable profits of the Group's associate in the People's Republic of China amounting to HK$21,118,000 (2023: HK$644,000) and HK$14,871,000 (2023: HK$302,000 credit), respectively, are included in "Share of profits or losses of associates" in the consolidated statement of profit or loss.

10. Dividends

	2024 ***HK$'000***	2023 *HK$'000*
Interim – HK5.5 cents (2023: HK4.0 cents) per ordinary share	**51,038**	37,220
Proposed final – HK9.0 cents (2023: HK5.0 cents) per ordinary share	**83,219**	46,453
	134,257	83,673

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Accordingly, the proposed final dividend has been included in the proposed final dividend reserve account within the equity attributable to equity holders of the Company in the statement of financial position.

11. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$647,069,000 (2023: HK$346,753,000) and the weighted average number of ordinary shares of 927,735,000 (2023: 932,243,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31st December, 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31st December, 2024 and 2023.

12. Property, Plant and Equipment

31st December, 2024

	Land and buildings *HK$'000*	Furniture, fixtures, equipment, yachts and motor vehicles *HK$'000*	Right-of-use assets *HK$'000*	Total *HK$'000*
Cost or valuation:				
At beginning of year	260,934	116,050	10,450	387,434
Additions	–	12,301	1,167	13,468
Disposals/write-off	–	(802)	(837)	(1,639)
At 31st December, 2024	260,934	127,549	10,780	399,263
Accumulated depreciation and impairment:				
At beginning of year	105,985	89,063	6,793	201,841
Charge for the year	5,157	8,809	2,177	16,143
Disposals/write-off	–	(778)	(837)	(1,615)
At 31st December, 2024	111,142	97,094	8,133	216,369
Net book value:				
At 31st December, 2024	149,792	30,455	2,647	182,894
At 31st December, 2023	154,949	26,987	3,657	185,593

12. Property, Plant and Equipment (cont'd)

31st December, 2023

	Land and buildings *HK$'000*	Furniture, fixtures, equipment, yachts and motor vehicles *HK$'000*	Right-of-use assets *HK$'000*	Total *HK$'000*
Cost or valuation:				
At beginning of year	260,934	103,117	11,876	375,927
Additions	–	14,929	2,773	17,702
Disposals/write-off	–	(1,996)	(4,199)	(6,195)
At 31st December, 2023	260,934	116,050	10,450	387,434
Accumulated depreciation and impairment:				
At beginning of year	100,827	81,984	5,867	188,678
Charge for the year	5,158	8,761	2,533	16,452
Disposals/write-off	–	(1,682)	(1,607)	(3,289)
At 31st December, 2023	105,985	89,063	6,793	201,841
Net book value:				
At 31st December, 2023	154,949	26,987	3,657	185,593
At 31st December, 2022	160,107	21,133	6,009	187,249

13. Investment Properties

	2024 **HK$'000**	2023 *HK$'000*
Carrying amount at 1st January	**231,500**	243,100
Change in fair value *(note 6)*	**(45,300)**	(11,600)
Carrying amount at 31st December	**186,200**	231,500

The Group's investment properties were revalued at 31st December, 2024 based on valuations performed by Memfus Wong Surveyors Limited and AA Property Services Limited, independent firms of professionally qualified valuers, at HK$162,000,000 (2023: HK$204,000,000) and HK$24,200,000 (2023: HK$27,500,000), respectively. The Group decides to appoint which external valuer to be responsible for the external valuation of the Group's properties based on selection criteria including market knowledge, reputation, independence and whether professional standards are maintained. The management of the Group has discussions with the valuers on the valuation assumptions and valuation results annually when the valuation is performed for financial reporting. The investment properties are leased to third parties under operating leases.

As at 31st December, 2024 and 2023, the fair value measurement of the Group's investment properties was categorised in Level 3 of the fair value hierarchy (i.e., fair value measurement using significant unobservable inputs).

During the year ended 31st December, 2024, there were no transfers into or out of Level 3.

31st December, 2024

13. Investment Properties (cont'd)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties in Hong Kong *HK$'000*	Commercial properties in Macau *HK$'000*	Total *HK$'000*
Carrying amount at 1st January, 2023	227,700	15,400	243,100
Change in fair value of investment properties	(9,000)	(2,600)	(11,600)
Carrying amount at 31st December, 2023 and 1st January, 2024	**218,700**	**12,800**	**231,500**
Change in fair value of investment properties	**(44,900)**	**(400)**	**(45,300)**
Carrying amount at 31st December, 2024	**173,800**	**12,400**	**186,200**

Below is a summary of the valuation techniques used and the key inputs to the valuation inputs of the investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2024	2023
Commercial properties in Macau	Income capitalisation approach	Monthly rent per square foot	**HK$15 to HK$23**	HK$15 to HK$23
		Capitalisation rate	**2.9% to 3.3%**	2.8% to 3.2%
Commercial properties in Hong Kong	Direct comparison plus term and reversion approach	Unit rate per square foot	**HK$10,500 to HK$18,400**	HK$13,000 to HK$23,000

An increase/(decrease) in the monthly rent and unit rate per square foot in isolation would result in an increase/(decrease) in the fair value of the investment properties. An increase/(decrease) in the capitalisation rate in isolation would result in a (decrease)/increase in the fair value of the investment properties.

14. Interests in Joint Ventures

	Note	**2024** **HK$'000**	2023 HK$'000
Share of net assets		**542,406**	538,312
Due to a joint venture	*(i)*	**38**	38

(i) The amount due to a joint venture represents the outstanding investment cost to a joint venture.

Particulars of the joint ventures of the Group as at 31st December, 2024 are as follows:

Name	**Business structure**	**Place of incorporation and operation**	**Percentage of ownership interest and profit sharing**	**Voting power**	**Principal activities**
Bank Consortium Holding Limited	Corporate	Hong Kong	13.3	1 out of 7#	Provision of mandatory provident fund scheme services
BC Reinsurance Limited	Corporate	Hong Kong	21	1 out of 10#	Reinsurance underwriting
Hong Kong Life Insurance Limited ("HKL")*	Corporate	Hong Kong	16.67	1 out of 8#	Life insurance
Avo Insurance Company Limited	Corporate	Hong Kong	49.3	3 out of 8#	Insurance
Avo Tech Limited	Corporate	Hong Kong	25	3 out of 7#	Insurance technology
Avvio Holding Company Limited	Corporate	Cayman Islands	49.3	1 out of 3#	Investment holding
Brave Moon Limited	Corporate	Hong Kong	40	2 out of 5#	Investment holding
Aasure Insurance Broker Limited	Corporate	Hong Kong	40	2 out of 5#	Insurance broker
Avantech Solutions Limited	Corporate	Hong Kong	40	2 out of 5#	Insurance technology

Note:

Representing the number of votes on the board of directors attributable to the Group

* On 27th December, 2024, all shareholders of HKL ("Sellers", including Asia Insurance Company, Ltd, a wholly owned subsidiary of the Company) and an independent third party ("Purchaser") entered into the Share Purchase Agreement, pursuant to which the Sellers conditionally agreed to sell their respective interests in, and the Purchaser conditionally agreed to purchase, the entirety of the issued share capital of HKL for the total consideration of HK$1,768,000,000 before transaction related expenses. Completion of the transaction is subject to certain conditions, including but not limited to, the necessary approvals from the relevant authorities and the embedded value of HKL as at closing of the transaction has not dropped by more than 25% as compared to the embedded value of HKL as at 31st December, 2023. As at 31st December, 2024, the investment is not classified as held for sale under HKFRS 5.

14. Interests in Joint Ventures (cont'd)

During the year, the Group received dividend income amounting to HK$29,180,000 (2023: HK$21,820,000) from the joint ventures.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 *HK$'000*	2023 *HK$'000*
Share of the joint ventures' profit/(loss) for the year	**33,009**	(63,446)
Share of the joint ventures' total comprehensive income	**33,009**	(63,446)
Aggregate carrying amount of the Group's interests in the joint ventures	**542,406**	538,312

15. Interests in Associates

	Notes	2024 *HK$'000*	2023 *HK$'000*
Share of net assets		**857,181**	846,422
Due from associates	*(i)*	**259,390**	256,710
Due to associates	*(ii)*	**(4,222)**	(4,222)

Notes:

(i) The amounts due from associates are unsecured, interest-free and repayable on demand, except for an amount due from an associate of HK$168,390,000 (2023: HK$168,390,000), which has no fixed terms of repayment and, in the opinion of the directors, is unlikely to be repaid in the foreseeable future and is considered as part of the Group's investment in the associate.

(ii) The amounts due to associates are classified as financial liabilities at amortised cost, and are unsecured, interest-free and repayable on demand.

15. Interests in Associates (cont'd)

Particulars of the associates of the Group as at 31st December, 2024, which are all corporate entities, are as follows:

Name	Place of incorporation/ establishment and operation	Percentage of equity indirectly held by the Company	Issued ordinary/registered share capital	Principal activities
APIC Holdings, Inc.	Philippines	50	Peso23,241,700	Investment holding
Asian Insurance International (Holding) Limited	Bermuda	25	US$5,740,000	Investment holding
Professional Liability Underwriting Services Limited	Hong Kong	27	HK$3,000,000	Insurance agent
Key Apex Limited	British Virgin Islands	27.5	US$1,000	Investment holding
Excellent Star Development Limited	Hong Kong	27.5	HK$1	Investment holding
上海盤谷房地產有限公司	The People's Republic of China	27.5	RMB570,870,560	Property development
Health Horizons Enterprises Pte. Limited	Singapore	20	US$16,849,422	Investment holding
Bumrungrad Mongolia LLC	Mongolia	20	MNT4,181,000,000	Investment holding
Bangkok Insurance (Lao) Company Limited	Laos	23.5	LAK16,000,000,000	Insurance
Glory Standard Limited	Hong Kong	45	HK$10,000	Property investment
PT Asian International Investindo	Indonesia	32.9	IDR133,196,800,000	Investment holding
Robina Manila Hotel Limited	British Virgin Islands	25	HK$78,000	Investment holding

Note:

The Group received dividend income amounting to HK$11,594,000 (2023: HK$21,087,000) from the associates during the year.

15. Interests in Associates (cont'd)

Key Apex Limited, which is considered a material associate of the Group, is a strategic partner of the Group, which directly and indirectly held 100% of Excellent Star Development Limited, 上海盤谷房地產有限公司 respectively (collectively known as "Key Apex Group"), primarily engaged in property development in The People's Republic of China, and is accounted for using the equity method.

The following table illustrates the summarised consolidated financial information in respect of Key Apex Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 ***HK$'000***	2023 *HK$'000*
Assets, excluding goodwill	**3,986,498**	3,383,337
Liabilities	**(2,306,721)**	(1,690,225)
Net assets, excluding goodwill	**1,679,777**	1,693,112
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**27.5%**	27.5%
Group's share of net assets of the associate	**461,939**	465,606
Carrying amount of the investment	**461,939**	465,606
Revenue	**469,804**	13,191
Profit/(loss) for the year	**72,478**	(21,516)
Translation difference	**(85,815)**	(51,895)
Total comprehensive income for the year	**(13,337)**	(73,411)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 ***HK$'000***	2023 *HK$'000*
Share of the associates' profit or loss for the year	**35,932**	23,365
Share of the associates' other comprehensive income	**(18,562)**	5,167
Share of the associates' total comprehensive income	**17,370**	28,532
Aggregate carrying amount of the Group's interests in the associates	**395,242**	380,816

16. Held-to-Collect Debt Securities at Amortised Cost

	2024	2023
	HK$'000	*HK$'000*
Listed debt securities in Hong Kong, at amortised cost	**695,960**	885,618
Listed debt securities outside Hong Kong, at amortised cost	**773,396**	256,726
Unlisted debt securities, at amortised cost	**140,202**	140,718
	1,609,558	1,283,062
Less: Impairment allowance	**(22,981)**	(2,937)
Held-to-collect debt securities at amortised cost	**1,586,577**	1,280,125

The fair values of the listed and unlisted held-to-collect debt securities at amortised cost are based on quoted market prices and quoted prices from brokers and fund managers, respectively.

An impairment analysis is performed at each reporting date on held-to-collect debt securities at amortised cost by considering published credit ratings and the probability of default of comparable securities with published credit ratings. In the situation where credit ratings are not published or no comparable securities with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The held-to-collect debt securities at amortised cost, net of impairment allowance, analysed by issuer as at the end of the reporting period are as follows:

	2024	2023
	HK$'000	*HK$'000*
Public sector entities	**122,602**	145,616
Banks and other financial institutions	**1,088,549**	768,367
Corporate entities	**375,426**	366,142
	1,586,577	1,280,125

16. Held-to-Collect Debt Securities at Amortised Cost (cont'd)

The maturity profile of the held-to-collect debt securities at amortised cost, net of impairment allowance, as at the end of the reporting period is as follows:

	2024	2023
	HK$'000	*HK$'000*
With a residual maturity of:		
Three months or less	**92,393**	163,355
One year or less but over three months	**205,256**	152,357
Five years or less but over one year	**1,119,526**	743,349
Over five years	**169,402**	221,064
	1,586,577	1,280,125

As at 31st December, 2024, listed debt securities of the Group amounting to HK$111,541,000 (2023: HK$110,614,000) were pledged in favour of a cedant of certain pecuniary loss reinsurance contracts for the Group's performance of its obligations under those reinsurance contracts.

The table below shows the credit quality and the maximum exposure to credit risk and the year-end stage classification. The amounts presented are gross of impairment allowance.

2024

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
AA+ to AA-	**219,800**	**–**	**–**	**219,800**
A+ to A-	**956,650**	**–**	**–**	**956,650**
Below A-	**360,258**	**–**	**–**	**360,258**
Not rated	**–**	**72,850**	**–**	**72,850**
	1,536,708	**72,850**	**–**	**1,609,558**

16. Held-to-Collect Debt Securities at Amortised Cost (cont'd)

2023

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
AAA	93,824	–	–	93,824
AA+ to AA-	115,670	–	–	115,670
A+ to A-	511,130	–	–	511,130
Below A-	489,588	–	–	489,588
Not rated	72,850	–	–	72,850
	1,283,062	–	–	1,283,062

The movements in impairment allowance of held-to-collect debt securities at amortised cost are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
At beginning of year	**2,937**	1,081
Impairment allowance *(note 6)*	**20,044**	1,856
At end of year	**22,981**	2,937

17. Equity Investments Designated at Fair Value through Other Comprehensive Income

	2024 HK$'000	2023 HK$'000
Listed equity investments outside Hong Kong, at fair value		
Bangkok Bank Public Company Limited	**646,372**	675,401
Bumrungrad Hospital Public Company Limited	**1,500,953**	1,678,337
	2,147,325	2,353,738
Unlisted equity investments, at fair value		
PICC Life Insurance Company Limited	**2,930,000**	2,170,000
BBL Asset Management Company Limited	**212,000**	271,000
The People's Insurance Company of China (Hong Kong), Limited	**69,113**	62,509
BE Reinsurance Limited	**34,853**	33,855
Others	**88,779**	84,390
	3,334,745	2,621,754
Total	**5,482,070**	4,975,492

The above equity investments were irrevocably designated at fair value through other comprehensive income at initial recognition as the Group considers these investments to be strategic in nature.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using market-based valuation techniques.

During the year ended 31st December, 2024, the gross gain before tax impact in respect of the Group's equity investments designated at fair value through other comprehensive income recognised in other comprehensive income amounted to HK$506,578,000 (2023: gross loss of HK$448,898,000) and the Group received dividends are as follows:

	2024 HK$'000	2023 HK$'000
Bangkok Bank Public Company Limited	**29,140**	21,101
Bumrungrad Hospital Public Company Limited	**37,586**	27,861
PICC Life Insurance Company Limited	**17,575**	58,906
BBL Asset Management Company Limited	**29,346**	31,462
BE Reinsurance Limited	**1,000**	–

18. Other Assets

	2024 HK$'000	2023 HK$'000
Accrued interest and other assets	**398,799**	198,305
Tax recoverable	**41**	–
Gross other assets	**398,840**	198,305

The Group's accrued interest and other assets were current in nature as at 31st December, 2024 and 2023.

Where applicable, an impairment analysis is performed on other receivables at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The expected credit losses associated with other receivables were minimal in view of the fact that these balances are not yet past due.

19. Financial Assets at Fair Value through Profit or Loss

	2024 HK$'000	2023 HK$'000
Debt securities:		
– listed in Hong Kong, at fair value	**58,863**	59,440
– listed outside Hong Kong, at fair value	**107,672**	100,474
	166,535	159,914
Equity securities at fair value:		
– listed in Hong Kong	**370,720**	345,998
– listed outside Hong Kong	**1,238,990**	890,945
	1,609,710	1,236,943
Investment funds:		
– listed outside Hong Kong, at fair value	**312,309**	138,258
– unlisted, at quoted price	**657,565**	504,559
	969,874	642,817
Total	**2,746,119**	2,039,674

The fair values of the listed and unlisted financial assets at fair value through profit or loss are based on quoted market prices and quoted prices from brokers and fund managers, respectively.

19. Financial Assets at Fair Value through Profit or Loss (cont'd)

The financial assets at fair value through profit or loss as at the end of the reporting period, analysed by the sector of the issuers, are as follows:

	2024 *HK$'000*	2023 *HK$'000*
Public sector entities	**14,550**	31,942
Banks and other financial institutions	**448,903**	318,921
Corporate entities	**2,282,666**	1,688,811
	2,746,119	2,039,674

The above securities and investment funds at 31st December, 2024 and 2023 were classified as financial assets at fair value through profit or loss as they were held for trading.

20. Reinsurance Contract Assets

	Treaty outward non-proportional *HK$'000*	**Treaty outward proportional** *HK$'000*	**Facultative outward** *HK$'000*	**Total** *HK$'000*
2024				
Reinsurance contract assets	**64,140**	**865,280**	**295,727**	**1,225,147**

	Treaty outward non-proportional *HK$'000*	Treaty outward proportional *HK$'000*	Facultative outward *HK$'000*	Total *HK$'000*
2023				
Reinsurance contract assets	77,580	842,513	336,326	1,256,419

20. Reinsurance Contract Assets (cont'd)

Reconciliation of the remaining coverage and incurred claims components – Reinsurance contract held business

Reinsurance contracts held (in HK$'000)	2024 Assets for remaining coverage		2024 Assets for incurred claims		2024	2023 Assets for remaining coverage		2023 Assets for incurred claims		2023
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(151,726)	3,429	1,273,448	131,268	1,256,419	(49,053)	738	951,354	97,411	1,000,450
Opening reinsurance contract liabilities	–	–	–	–	–	–	–	–	–	–
Net opening balance	(151,726)	3,429	1,273,448	131,268	1,256,419	(49,053)	738	951,354	97,411	1,000,450
Reinsurance expenses	(1,106,101)	–	–	–	(1,106,101)	(604,506)	–	–	–	(604,506)
Amounts recoverable from reinsurers:										
Incurred claims recovery (current service)	–	–	319,824	31,750	351,574	–	–	366,328	36,690	403,018
Changes that relate to past service – changes in the FCF relating to incurred claims recovery and incurred directly attributable expenses recovery	–	–	337,358	19,777	357,135	–	–	20,244	(2,833)	17,411
Income on initial recognition and reversal of loss recovery component of onerous underlying contracts	–	2,804	–	–	2,804	–	2,691	–	–	2,691
Total amounts recoverable from reinsurers	–	2,804	657,182	51,527	711,513	–	2,691	386,572	33,857	423,120
Net income/(expenses) from reinsurance contracts	(1,106,101)	2,804	657,182	51,527	(394,588)	(604,506)	2,691	386,572	33,857	(181,386)
Net finance income from reinsurance contracts held	–	–	31,229	–	31,229	–	–	43,298	–	43,298
Total amounts recognised in comprehensive income	(1,106,101)	2,804	688,411	51,527	(363,359)	(604,506)	2,691	429,870	33,857	(138,088)
Cash flows:										
Premiums paid net of ceding commissions	754,252	–	–	–	754,252	501,833	–	–	–	501,833
Recoveries from reinsurance	–	–	(422,165)	–	(422,165)	–	–	(107,776)	–	(107,776)
Total cash flows	754,252	–	(422,165)	–	332,087	501,833	–	(107,776)	–	394,057
Closing reinsurance contract assets	(503,575)	6,233	1,539,694	182,795	1,225,147	(151,726)	3,429	1,273,448	131,268	1,256,419
Closing reinsurance contract liabilities	–	–	–	–	–	–	–	–	–	–
Net closing balance	(503,575)	6,233	1,539,694	182,795	1,225,147	(151,726)	3,429	1,273,448	131,268	1,256,419

21. Cash and Bank Balances and Pledged Deposits

	2024	2023
	HK$'000	*HK$'000*
Cash at banks	**439,316**	419,487
Time deposits with original maturity of over three months	**1,343,606**	1,754,813
Time deposits with original maturity of less than three months	**739,457**	711,102
	2,522,379	2,885,402
Pledged deposits	**344,352**	341,440
	2,866,731	3,226,842

The pledged deposits are pledged in favour of Autoridade Monetaria e Cambial de Macau as security for the outstanding claims provision and unearned premiums reserve of a subsidiary operating in Macau as required under the applicable laws of Macau.

Cash and bank balances included cash at banks and short term time deposits. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. Time deposits with original maturity of more than three months when acquired earn interest at the respective time deposit rates with terms between three months and twelve months. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The maturity profile of the cash and bank balances, time deposits and pledged deposits as at the end of the reporting period was as follows:

	2024	2023
	HK$'000	*HK$'000*
With a residual maturity of:		
Three months or less	**1,662,947**	1,651,690
Over three months but less than one year	**1,203,784**	1,575,152
	2,866,731	3,226,842

22. Share Capital

	2024 *HK$'000*	2023 *HK$'000*
Authorised:		
1,500,000,000 (2023: 1,500,000,000) ordinary shares of HK$1 each	**1,500,000**	1,500,000
Issued and fully paid:		
924,750,000 (2023: 929,296,000) ordinary shares of HK$1 each	**924,750**	929,296

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *HK$'000*
At 1st January, 2023	936,588,000	936,588
Shares repurchased and cancelled	(7,292,000)	(7,292)
At 31st December, 2023 and 1st January, 2024	**929,296,000**	**929,296**
Shares repurchased and cancelled *(Note)*	**(4,546,000)**	**(4,546)**
At 31st December, 2024	**924,750,000**	**924,750**

Note:

At 31st December, 2023, 234,000 shares with cost of HK$796,000 were classified as treasury shares, and were subsequently cancelled in February 2024. During the year ended 31st December, 2024, a subsidiary of the Company repurchased 4,412,000 ordinary shares of the Company of HK$1 each on the Stock Exchange at prices ranging from HK$3.30 to HK$3.95 per share at a total consideration of HK$16,293,000 (including expenses and dividend). Out of which, 4,312,000 repurchased shares were cancelled.

The premium of HK$12,153,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK$4,546,000 was transferred from retained profits of the Company to the capital redemption reserve, as set out in the consolidated statement of changes in equity.

The remaining 100,000 shares with cost of HK$390,000 were classified as treasury shares at 31st December, 2024 and were subsequently cancelled in February 2025.

As at the date of this report, the number of issued shares of the Company is 924,650,000 shares.

23. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the consolidated financial statements.

In accordance with the Macau Commercial Codes, a branch (the "Branch") of Asia Insurance Company, Limited, a wholly-owned subsidiary of the Company, whose principal operation is conducted in Macau, is required to appropriate annually not less than 25% of its profit after tax to a statutory reserve, until the balance of the reserve reaches 50% of the branch's capital fund, which was achieved in prior years. The statutory reserve may be utilised by the Branch for certain restricted purposes including offsetting against the accumulated losses, if any, arising under certain specified circumstances.

The contingency reserve ("CR") represents a reserve established in accordance with the *Guideline on Reserving for Mortgage Guarantee Business* ("GL6") issued by the Insurance Authority. In respect of the mortgage guarantee business entered into before 1st January, 2011, an amount equal to 50% of the net earned premium income derived from the mortgage guarantee business shall be assigned to the CR in each year and maintained for a period of seven years. In respect of the mortgage guarantee business entered into on or after 1st January, 2011, an amount equal to 50% of the net earned premium income derived from the mortgage guarantee business and 75% of the net earned premium derived from the direct non-standard mortgage guarantee business shall be assigned to the CR in each year and maintained for a period of ten years. In accordance with GL6, withdrawals may be made where the claims incurred in any year exceed 35% of the net earned premium income in that year, and any such withdrawals shall only be made on a first-in-first-out basis and recognised directly in equity.

At the end of the seventh year for the mortgage guarantee business entered into before 1st January, 2011, or the tenth year for the mortgage guarantee business entered into on or after 1st January, 2011, the amount assigned to the CR in respect of a year may be released to the extent that it has not already been depleted by prior withdrawals. Changes in the CR are recognised directly in equity.

No withdrawal was made to the CR during the year ended 31st December, 2024 (2023: Nil).

24. Insurance Contract Liabilities

	Accident & health HK$'000	Motor HK$'000	Ships HK$'000	Property damage HK$'000	General liability HK$'000	Goods in transit HK$'000	Pecuniary loss HK$'000	Treaty inward non-proportional HK$'000	Treaty inward proportional HK$'000	Others HK$'000	Total HK$'000
2024											
Insurance contract liabilities	**115,995**	**327,450**	**57,801**	**224,780**	**1,293,309**	**4,525**	**176,400**	**88,943**	**1,466,644**	**135,177**	**3,891,024**

	Accident & health HK$'000	Motor HK$'000	Ships HK$'000	Property damage HK$'000	General liability HK$'000	Goods in transit HK$'000	Pecuniary loss HK$'000	Treaty inward non-proportional HK$'000	Treaty inward proportional HK$'000	Others HK$'000	Total HK$'000
2023											
Insurance contract liabilities	62,582	306,710	52,554	314,007	1,410,309	5,061	141,706	136,678	936,326	125,571	3,491,504

Reconciliation of the liability for remaining coverage and the liability for incurred claims – Insurance contracts issued

Insurance contracts issued (in HK$'000)	**2024** Liability for remaining coverage		**2024** Liability for incurred claims			2023 Liability for remaining coverage		2023 Liability for incurred claims		
	Excluding loss component	**Loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening insurance contract liabilities	**(123,219)**	**14,307**	**3,273,329**	**327,087**	**3,491,504**	298,502	4,122	2,644,187	273,409	3,220,220
Opening insurance contract assets	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Net opening balance	**(123,219)**	**14,307**	**3,273,329**	**327,087**	**3,491,504**	298,502	4,122	2,644,187	273,409	3,220,220
Insurance revenue	**(3,291,506)**	**–**	**–**	**–**	**(3,291,506)**	(2,456,378)	–	–	–	(2,456,378)
Insurance service expenses:										
Incurred claims and other directly attributable expenses	**–**	**–**	**1,010,546**	**79,639**	**1,090,185**	–	–	1,042,050	92,410	1,134,460
Changes that relate to past service – changes in the FCF relating to the LIC	**–**	**–**	**393,930**	**13,729**	**407,659**	–	–	190,907	(38,732)	152,175
Losses on onerous contracts and reversal of those losses	**–**	**2,696**	**–**	**–**	**2,696**	–	10,185	–	–	10,185
Insurance acquisition cash flows amortisation	**960,710**	**–**	**–**	**–**	**960,710**	669,960	–	–	–	669,960
Insurance service expenses	**960,710**	**2,696**	**1,404,476**	**93,368**	**2,461,250**	669,960	10,185	1,232,957	53,678	1,966,780
Insurance service result	**(2,330,796)**	**2,696**	**1,404,476**	**93,368**	**(830,256)**	(1,786,418)	10,185	1,232,957	53,678	(489,598)
Finance expenses from insurance contracts issued	**7,435**	**–**	**89,641**	**–**	**97,076**	–	–	134,664	–	134,664
Total amounts recognised in comprehensive income	**(2,323,361)**	**2,696**	**1,494,117**	**93,368**	**(733,180)**	(1,786,418)	10,185	1,367,621	53,678	(354,934)
Cash flows:										
Premiums received	**2,962,475**	**–**	**–**	**–**	**2,962,475**	2,151,435	–	–	–	2,151,435
Claims and other directly attributable expenses paid	**–**	**–**	**(1,228,010)**	**–**	**(1,228,010)**	–	–	(738,479)	–	(738,479)
Insurance acquisition cash flows	**(601,765)**	**–**	**–**	**–**	**(601,765)**	(786,738)	–	–	–	(786,738)
Total cash flows	**2,360,710**	**–**	**(1,228,010)**	**–**	**1,132,700**	1,364,697	–	(738,479)	–	626,218
Closing insurance contract liabilities	**(85,870)**	**17,003**	**3,539,436**	**420,455**	**3,891,024**	(123,219)	14,307	3,273,329	327,087	3,491,504
Closing insurance contract assets	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Net closing balance	**(85,870)**	**17,003**	**3,539,436**	**420,455**	**3,891,024**	(123,219)	14,307	3,273,329	327,087	3,491,504

31st December, 2024

25. Insurance Service Result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line for 2024 and 2023 is included in the following tables. Additional information on amounts recognised in profit or loss and other comprehensive income is included in the insurance contract balances reconciliations in note 24.

	2024	2023
	HK$'000	*HK$'000*
Insurance revenue		
Insurance revenue from contracts measured under the PAA	**3,291,506**	2,456,378
Insurance service expense		
Incurred claims and other directly attributable expenses	**(1,090,185)**	(1,134,460)
Changes that relate to past service – changes in the FCF relating to the LIC	**(407,659)**	(152,175)
Losses on onerous contracts and reversal of those losses	**(2,696)**	(10,185)
Insurance acquisition cash flows amortisation	**(960,710)**	(669,960)
Total insurance service expense	**(2,461,250)**	(1,966,780)
Net Income/(expenses) from reinsurance contracts held		
Reinsurance expenses – contracts measured under the PAA	**(1,106,101)**	(604,506)
Incurred claims recovery	**351,574**	403,018
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**357,135**	17,411
Income on initial recognition of onerous underlying contracts	**2,804**	2,691
Total net expenses from reinsurance contracts held	**(394,588)**	(181,386)
Total insurance service result	**435,668**	308,212

25. Insurance Service Result (cont'd)

	Accident & health HK$'000	Motor HK$'000	Ships HK$'000	Property damage HK$'000	General liability HK$'000	Goods in transit HK$'000	Pecuniary loss HK$'000	Treaty inward non-proportional* HK$'000	Treaty inward proportional* HK$'000	Others HK$'000	Total HK$'000
For the year ended 31st December, 2024											
Insurance revenue											
Insurance revenue from contracts measured under the PAA	**281,302**	**214,778**	**40,291**	**271,668**	**632,888**	**6,274**	**36,114**	**29,505**	**1,759,424**	**19,262**	**3,291,506**
Insurance service expense											
Incurred claims and other directly attributable expenses	**(257,398)**	**(133,849)**	**(24,479)**	**(78,299)**	**(348,789)**	**(1,110)**	**(18,295)**	**(8,844)**	**(206,799)**	**(12,323)**	**(1,090,185)**
Changes that relate to past service – changes in the FCF relating to the LIC	**(3,627)**	**49,712**	**8,552**	**121,753**	**305,601**	**1,567**	**8,958**	**47,056**	**(947,153)**	**(78)**	**(407,659)**
Losses on onerous contracts and reversal of those losses	**(14,582)**	**597**	**429**	**30**	**82**	**179**	**–**	**637**	**9,923**	**9**	**(2,696)**
Insurance acquisition cash flows amortisation	**(38,169)**	**(52,602)**	**(11,532)**	**(93,001)**	**(151,379)**	**(1,474)**	**(11,950)**	**(3,499)**	**(597,088)**	**(16)**	**(960,710)**
Total insurance service expense	**(313,776)**	**(136,142)**	**(27,030)**	**(49,517)**	**(194,485)**	**(838)**	**(21,287)**	**35,350**	**(1,741,117)**	**(12,408)**	**(2,461,250)**

* Insurance service result includes insurance revenue adjustments related to past service.

	Accident & health HK$'000	Motor HK$'000	Ships HK$'000	Property damage HK$'000	General liability HK$'000	Goods in transit HK$'000	Pecuniary loss HK$'000	Treaty inward non-proportional* HK$'000	Treaty inward proportional* HK$'000	Others HK$'000	Total HK$'000
For the year ended 31st December, 2023											
Insurance revenue											
Insurance revenue from contracts measured under the PAA	211,167	193,590	37,179	263,150	656,539	6,529	91,573	39,070	932,256	25,325	2,456,378
Insurance service expense											
Incurred claims and other directly attributable expenses	(168,431)	(134,916)	(24,143)	(186,200)	(410,435)	(1,107)	(9,287)	(47,605)	(143,180)	(9,156)	(1,134,460)
Changes that relate to past service – changes in the FCF relating to the LIC	1,161	77,656	2,604	28,089	357,527	1,120	5,491	74,713	(700,729)	193	(152,175)
Losses on onerous contracts and reversal of those losses	3,916	(597)	(2,814)	(30)	(90)	(179)	–	(462)	(9,923)	(6)	(10,185)
Insurance acquisition cash flows amortisation	(31,066)	(49,314)	(9,974)	(92,545)	(156,552)	(1,501)	(15,776)	(4,700)	(308,501)	(31)	(669,960)
Total insurance service expense	(194,420)	(107,171)	(34,327)	(250,686)	(209,550)	(1,667)	(19,572)	21,946	(1,162,333)	(9,000)	(1,966,780)

* Insurance service result includes insurance revenue adjustments related to past service.

31st December, 2024

25. Insurance Service Result (cont'd)

	Treaty outward non-proportional *HK$'000*	**Treaty outward proportional** *HK$'000*	**Facultative outward** *HK$'000*	**Total** *HK$'000*
For the year ended 31st December, 2024				
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses – contracts measured under the PAA	**(107,950)**	**(833,834)**	**(164,317)**	**(1,106,101)**
Incurred claims recovery	**21,275**	**260,055**	**70,244**	**351,574**
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**(32,966)**	**429,836**	**(39,735)**	**357,135**
Income on initial recognition of onerous underlying contracts and reversal of those losses	**(211)**	**3,167**	**(152)**	**2,804**
Total net income/(expense) from reinsurance contracts held	**(119,852)**	**(140,776)**	**(133,960)**	**(394,588)**

	Treaty outward non-proportional *HK$'000*	Treaty outward proportional *HK$'000*	Facultative outward *HK$'000*	Total *HK$'000*
For the year ended 31st December, 2023				
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses – contracts measured under the PAA	(83,375)	(362,664)	(158,467)	(604,506)
Incurred claims recovery	36,371	262,677	103,970	403,018
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(66,382)	110,969	(27,176)	17,411
Income on initial recognition of onerous underlying contracts	212	2,299	180	2,691
Total net income/(expense) from reinsurance contracts held	(113,174)	13,281	(81,493)	(181,386)

26. Insurance Finance Income or Expenses

	2024 HK$'000	2023 HK$'000
Finance income/(expense) from insurance contracts issued		
Interest accreted	**(124,112)**	(130,378)
Effect of changes in interest rates and other financial assumptions	**27,036**	(4,286)
Finance expense from insurance contracts issued	**(97,076)**	(134,664)
Finance income/(expense) from reinsurance contracts held		
Interest accreted	**43,091**	41,098
Effect of changes in interest rates and other financial assumptions	**(11,862)**	2,200
Finance income from reinsurance contracts held	**31,229**	43,298
Net insurance finance expenses	**(65,847)**	(91,366)
Summary of the amounts recognised in profit or loss		
Net insurance finance expenses	**(65,847)**	(91,366)

27. Other Liabilities

	2024 HK$'000	2023 HK$'000
Lease liabilities	**2,770**	3,780
Accruals and other payables	**307,150**	488,957
Total	**309,920**	492,737

HK$308,633,000 of the Group's other liabilities were current in nature while HK$1,287,000 were non-current in nature as at 31st December, 2024. HK$490,983,000 of the Group's other liabilities were current in nature while HK$1,754,000 were non-current in nature as at 31st December, 2023. The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

28. Deferred Tax

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation *HK$'000*	Fair value adjustments of financial assets at fair value through profit or loss *HK$'000*	Fair value adjustments of equity investments at fair value through other comprehensive income *HK$'000*	Revaluation of buildings *HK$'000*	Adoption of HKFRS 17 *HK$'000*	Total *HK$'000*
At 1st January, 2023	860	5,306	175,744	12,964	74,921	269,795
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 9)*	154	2,916	–	(312)	27,733	30,491
Deferred tax credited to other comprehensive income during the year	–	–	(56,972)	–	–	(56,972)
At 1st January, 2024	**1,014**	**8,222**	**118,772**	**12,652**	**102,654**	**243,314**
Deferred tax credited to the statement of profit or loss during the year *(note 9)*	**(98)**	**(119)**	**–**	**(49)**	**(102,654)**	**(102,920)**
Deferred tax charged to other comprehensive income during the year	**–**	**–**	**67,106**	**–**	**–**	**67,106**
Gross deferred tax liabilities at 31st December, 2024	**916**	**8,103**	**185,878**	**12,603**	**–**	**207,500**

At 31st December, 2024, the Group had tax losses arising in Hong Kong of HK$377,344,000. (2023: HK$408,210,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have mainly arisen in subsidiaries whose principal activities are securities trading and investment holding and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. Note to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Lease liabilities HK$'000
At 1st January, 2023	5,869
New leases	2,773
Disposal	(2,359)
Principal repayment	(2,503)
Interest expenses	108
Interest paid classified as financing cash flows	(108)
At 31st December, 2023 and 1st January, 2024	**3,780**
New leases	**1,167**
Disposal	**–**
Principal repayment	**(2,177)**
Interest expenses	**143**
Interest paid classified as financing cash flows	**(143)**
At 31st December, 2024	**2,770**

30. Operating Lease Arrangements

As lessor

The Group leases its investment properties (note 13) under operating lease arrangements, with leases negotiated for terms ranging from two to three years. The terms of the leases generally also require the tenants to pay security deposits.

At 31st December, 2024, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Within one year	**6,674**	7,340
After one year but within two years	**427**	6,693
After two years but within three years	**–**	393
	7,101	14,426

31. Commitments

In addition to the operating lease commitments detailed in note 30, the Group had the following capital commitment at the end of the reporting period:

	2024 **HK$'000**	2023 HK$'000
Contracted, but not provided for:		
Acquisition of computer software	**5,586**	5,341

32. Related Party Transactions

(a)

	2024		2023	
	Directors and key management personnel ***HK$'000***	**Enterprises and individuals related to directors and key management personnel** ***HK$'000***	Directors and key management personnel *HK$'000*	Enterprises and individuals related to directors and key management personnel *HK$'000*
Loans and advances granted:				
Aggregate balance at the end of the reporting period	**–**	**95**	–	95
Interbank activities:				
Deposits placed	**–**	**439,781**	–	664,652
Interest income	**–**	**24,875**	–	32,434
Premium income:				
Gross premiums written	**342**	**13,781**	337	7,197
Commission expense, net	**–**	**5,889**	–	5,760

32. Related Party Transactions (cont'd)

(b) The Group had the following transactions with certain of its joint ventures during the year:

	2024	2023
	HK$'000	*HK$'000*
Loans and advances received:		
Aggregate balance at the end of the reporting period	**38**	38
Reinsurance premium accepted	**8,534**	7,197
Reinsurance premium ceded out	**223,297**	100,648
Commission expenses paid	**1,106**	1,418
Commission income received	**123,788**	51,008

(c) The Group had the following transactions with certain of its associates during the year:

	2024	2023
	HK$'000	*HK$'000*
Loans and advances granted:		
Aggregate balance at the end of the reporting period	**259,390**	256,710
Loans and advances received:		
Aggregate balance at the end of the reporting period	**4,222**	4,222
Loans and advances granted:		
Interest income	**2,590**	2,565
Reinsurance premium accepted	**889**	140
Reinsurance premium ceded out	**33,360**	54,698
Commission expense paid	**11,113**	11,313
Commission income received	**8,464**	15,881

(d) Details of the Group's advances to its joint ventures and associates as at the end of the reporting period are included in notes 14 and 15 to the financial statements, respectively.

(e) Details of compensation for key management personnel, who are the directors of the Company, and post-employment benefits of the Group, is included in note 7 to the financial statements.

33. Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and bank balances, pledged deposits, amounts due from associates, financial assets included in loans and advances and other assets, insurance receivables, insurance payables, amounts due to associates and other liabilities approximate to their carrying amounts.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of the unlisted fund investments at fair value through profit or loss are based on fund house quotations when the open market quotation is not available. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using market-based valuation techniques based on assumptions that are not supported by observable market prices or rates. The valuation requires management to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings ("P/E") multiple, price to book value multiple and price to embedded value multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings or book/embedded value measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

33. Fair Value Hierarchy of Financial Instruments (cont'd)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31st December, 2024:

	Valuation technique	Significant unobservable input	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity and fund investments	Valuation multiples	Discount of lack of marketability	0% – 30%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK$292,832,000
		Price to book value multiple	0.21 – 2.61	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$16,424,000
		Enterprise value to earnings multiple	17.1 – 32.71	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$9,532,000
		Enterprise value to sales multiple	2.57 – 3.85	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$1,736,000
		Price to earnings multiple	8.51 – 18.83	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$31,800,000
		Price to embedded value multiple	0.14 – 1.15	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$439,500,000

The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

33. Fair Value Hierarchy of Financial Instruments (cont'd)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31st December, 2023:

	Valuation technique	Significant unobservable input	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity and fund investments	Valuation multiples	Discount of lack of marketability	0% – 30%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK$232,176,000
		Price to book value multiple	0.14 – 2.73	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$15,756,000
		Enterprise value to earnings multiple	1.26 – 33.89	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$1,921,000
		Enterprise value to sales multiple	1.58 – 2.36	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$1,357,000
		Price to earnings multiple	9.28 – 14.22	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$40,650,000
		Price to embedded value multiple	0.09 – 1.46	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK$325,500,000

The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

33. Fair Value Hierarchy of Financial Instruments (cont'd)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At 31st December, 2024	**Fair value measurement using** Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	**Total** *HK$'000*
Equity investments designated at fair value through other comprehensive income	**646,372**	**1,500,953**	**3,334,745**	**5,482,070**
Financial assets at fair value through profit or loss	**1,886,596**	**492,571**	**366,952**	**2,746,119**
	2,532,968	**1,993,524**	**3,701,697**	**8,228,189**

At 31st December, 2023	Fair value measurement using Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Equity investments designated at fair value through other comprehensive income	675,401	1,678,337	2,621,754	4,975,492
Financial assets at fair value through profit or loss	1,320,284	408,210	311,180	2,039,674
	1,995,685	2,086,547	2,932,934	7,015,166

33. Fair Value Hierarchy of Financial Instruments (cont'd)

Fair value hierarchy (cont'd)

The movements in the fair value measurement within level 3 during the year ended 31st December, 2024 are as follows:

	Financial assets at fair value through profit or loss – unlisted *HK$'000*	Equity investments at fair value through other comprehensive income – unlisted *HK$'000*
At 1st January, 2023	249,964	3,194,052
Purchase during 2023	51,510	–
Disposal during 2023	(2,690)	–
Total gain recognised in profit or loss	12,396	–
Total loss recognised in other comprehensive income	–	(572,298)
At 31st December, 2023 and at 1st January, 2024	**311,180**	**2,621,754**
Purchase during 2024	**68,160**	**–**
Disposal during 2024	**(10,075)**	**–**
Total loss recognised in profit or loss	**(2,313)**	**–**
Total gain recognised in other comprehensive income	**–**	**712,991**
At 31st December, 2024	**366,952**	**3,334,745**
Total unrealised loss for the year included in profit or loss for financial assets held as at 31st December, 2024	**(2,313)**	**–**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31st December, 2024 and 2023.

During the years ended 31st December, 2024 and 2023, there were no transfers of fair value measurements into or out of Level 3 for both financial assets and financial liabilities.

During the years ended 31st December, 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities.

33. Fair Value Hierarchy of Financial Instruments (cont'd)

Fair value hierarchy (cont'd)

Assets for which fair values are disclosed:

As at 31st December, 2024	**Fair value measurement using**		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Held-to-collect debt securities at amortised cost	**1,435,671**	**122,976**	**1,558,647**

As at 31st December, 2023	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Total
	HK$'000	*HK$'000*	*HK$'000*
Held-to-collect debt securities at amortised cost	1,097,985	146,150	1,244,135

34. Financial Risk Management Objectives and Policies

The Group has established policies and procedures for identifying, evaluating, monitoring and controlling the various types of risks pertaining to the Group's businesses, which are approved and endorsed by the board of directors and reviewed regularly by the Group's management, executive committee, investment committee, fund management committee and other designated committees or working groups. Material risks are identified and measured by designated committees and/or working groups before the launch of new products or business activities, and monitored, documented and controlled against applicable risk limits after the introduction of new products or services or implementation of new business activities. Internal auditors of the Group also perform regular audits to ensure compliance with the policies and procedures. The key risks include credit risk, liquidity risk, capital management risk, interest rate risk, foreign exchange risk, insurance risk, operational risk and equity price risk.

The overall internal control environment and the management policies for the major types of risks are as follows:

(1) Internal control environment

The internal control framework of the Group comprises comprehensive control policies and standards. The areas of responsibilities of each business and operational unit are clearly defined. Internal control procedures have been established based on the risk inherent in the individual business unit.

The internal audit department plays an important role in the Group's internal control framework. It monitors the effectiveness of the internal control procedures and ensures compliance with the policies and standards across the whole group. A direct reporting line to the audit committee under the board of directors safeguards its independence. The audit committee meets periodically to review and discuss financial performance, internal control, compliance issues and matters raised by the external auditors to ensure that all audit recommendations are implemented.

(2) Credit risk management

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to clients, intermediates and reinsurers, and other activities undertaken by the Group. To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's insurance receivables are widely dispersed in different intermediates and direct customers from different sectors and industries.

The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to the finalisation of any contract. The table represents the credit risk exposure of the Group, which equals the maximum exposure to credit risk considering the ability to set off, where applicable, under the reinsurance contracts. The concentration of credit risk has not significantly changed compared to the prior year

	2024				2023			
	AA	**A**	**Not rated**	**Total**	AA	A	Not rated	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reinsurance contract assets	**220,404**	**691,167**	**313,576**	**1,225,147**	349,702	396,143	510,574	1,256,419

34. Financial Risk Management Objectives and Policies (cont'd)

(2) Credit risk management (cont'd)

Maximum exposure and year-end staging as at 31st December, 2024

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31st December, 2024. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month ECLs	Life time ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	*HK$'000*
Due from associates	**259,390**	**–**	**–**	**–**	**259,390**
Held-to-collect debt securities at amortised cost	**1,536,708**	**72,850**	**–**	**–**	**1,609,558**
Financial assets included in other assets					
– Normal*	**391,413**	**–**	**–**	**–**	**391,413**
Pledged deposits					
– Not yet past due	**344,352**	**–**	**–**	**–**	**344,352**
Cash and bank balances					
– Not yet past due	**2,522,379**	**–**	**–**	**–**	**2,522,379**
Total	**5,054,242**	**72,850**	**–**	**–**	**5,127,092**

* The credit quality of the financial assets included in other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

34. Financial Risk Management Objectives and Policies (cont'd)

(2) Credit risk management (cont'd)

Maximum exposure and year-end staging as at 31st December, 2023

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due from associates	256,710	–	–	–	256,710
Held-to-collect debt securities at amortised cost	1,283,062	–	–	–	1,283,062
Financial assets included in other assets					
– Normal*	190,919	–	–	–	190,919
Pledged deposits					
– Not yet past due	341,440	–	–	–	341,440
Cash and bank balances					
– Not yet past due	2,885,402	–	–	–	2,885,402
Total	4,957,533	–	–	–	4,957,533

* The credit quality of the financial assets included in other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(3) Liquidity risk management

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. To manage liquidity risk, the Group has established liquidity management policies that are pertinent to the operations of business units.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., insurance receivables) and the projected cash flows from operations.

34. Financial Risk Management Objectives and Policies (cont'd)

(3) Liquidity risk management (cont'd)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2024			
	On demand and less than 1 year *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Due to a joint venture	**38**	**–**	**–**	**38**
Due to associates	**4,222**	**–**	**–**	**4,222**
Lease liabilities	**1,588**	**1,394**	**–**	**2,982**
Accruals and other payables	**307,150**	**–**	**–**	**307,150**
	312,998	**1,394**	**–**	**314,392**

	2023			
	On demand and less than 1 year *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Due to a joint venture	38	–	–	38
Due to associates	4,222	–	–	4,222
Lease liabilities	2,155	1,893	–	4,048
Accruals and other payables	488,957	–	–	488,957
	495,372	1,893	–	497,265

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from insurance liabilities (the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held measured under the PAA are not included in the tables).

31st December, 2024	**Year 1** *HK$'000*	**Year 2** *HK$'000*	**Year 3** *HK$'000*	**Year 4** *HK$'000*	**Year 5** *HK$'000*	**Year 6-10** *HK$'000*	**Year >10** *HK$'000*	**Total** *HK$'000*
Insurance contract liabilities	**(2,021,528)**	**(824,340)**	**(469,223)**	**(275,449)**	**(202,479)**	**(166,872)**	**–**	**(3,959,891)**
Net insurance contract balances	**(1,112,845)**	**(471,094)**	**(288,841)**	**(164,831)**	**(117,030)**	**(82,761)**	**–**	**(2,237,402)**

31st December, 2023	Year 1 *HK$'000*	Year 2 *HK$'000*	Year 3 *HK$'000*	Year 4 *HK$'000*	Year 5 *HK$'000*	Year 6-10 *HK$'000*	Year >10 *HK$'000*	Total *HK$'000*
Insurance contract liabilities	(1,718,154)	(729,626)	(450,863)	(290,739)	(202,564)	(208,470)	–	(3,600,416)
Net insurance contract balances	(1,093,201)	(487,423)	(265,063)	(141,759)	(112,709)	(95,545)	–	(2,195,700)

34. Financial Risk Management Objectives and Policies (cont'd)

(3) Liquidity risk management (cont'd)

The tables below summarise the expected recovery or settlement of assets of the Group:

31st December, 2024	**Current** *HK$'000*	**Non-current** *HK$'000*	**Total** *HK$'000*
Property, plant and equipment	**–**	**182,894**	**182,894**
Investment properties	**–**	**186,200**	**186,200**
Interests in joint ventures	**–**	**542,406**	**542,406**
Interests in associates	**–**	**857,181**	**857,181**
Due from associates	**85,500**	**173,890**	**259,390**
Held-to-collect debt securities at amortised cost	**297,649**	**1,288,928**	**1,586,577**
Equity investments designated at fair value through other comprehensive income	**–**	**5,482,070**	**5,482,070**
Pledged deposits	**344,352**	**–**	**344,352**
Other assets	**398,840**	**–**	**398,840**
Financial assets at fair value through profit or loss	**2,746,119**	**–**	**2,746,119**
Reinsurance contract assets	**1,225,147**	**–**	**1,225,147**
Cash and bank balances	**2,522,379**	**–**	**2,522,379**
Total assets	**7,619,986**	**8,713,569**	**16,333,555**

31st December, 2023	Current *HK$'000*	Non-current *HK$'000*	Total *HK$'000*
Property, plant and equipment	–	185,593	185,593
Investment properties	–	231,500	231,500
Interests in joint ventures	–	538,312	538,312
Interests in associates	–	846,422	846,422
Due from associates	87,357	169,353	256,710
Held-to-collect debt securities at amortised cost	262,419	1,017,706	1,280,125
Equity investments designated at fair value through other comprehensive income	–	4,975,492	4,975,492
Pledged deposits	341,440	–	341,440
Other assets	198,305	–	198,305
Financial assets at fair value through profit or loss	2,039,674	–	2,039,674
Reinsurance contract assets	1,256,419	–	1,256,419
Cash and bank balances	2,885,402	–	2,885,402
Total assets	7,071,016	7,964,378	15,035,394

34. Financial Risk Management Objectives and Policies (cont'd)

(4) Capital management

Externally imposed capital requirements are mainly set and regulated by the Hong Kong Insurance Authority ("HKIA"). The Group implemented the Risk-based Capital regime ("RBC regime") on 1 July 2024, following the commencement of Insurance (Amendment) Ordinance 2023 and the relevant subsidiary legislation, and the promulgation of new and revised guidelines by the HKIA. The RBC regime is put in place to ensure capital requirements. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

Under the RBC regime, in accordance with the Insurance Ordinance (Cap.41) and the Valuation and Capital Rules, the capital requirement of insurers is determined by assessing their level of risk exposures and drivers. The Group ensures at all times that its capital base is not less than each of 1) the prescribed capital amount; 2) the minimum capital amount; and 3) HK$20,000,000. The minimum capital amount is determined as 50% of the prescribed capital amount, or such other amount determined by the HKIA by way of variation or relaxation.

The Group manages its capital requirements by assessing any shortfalls between its capital base, as defined in Part 3 of the Insurance (Valuation and Capital) Rules (Cap. 41R), and the prescribed capital amount and minimum capital amount, as defined in Part 5 of the Insurance (Valuation and Capital) Rules, on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid or return capital to ordinary shareholders.

Prescribed capital amount is determined by aggregating the risk capital amounts for each risk module and sub-risk module with respect to market risk, general insurance risk, counterparty default and other risk, and operational risk, taking account of diversification benefits.

The Group fully complied with the externally imposed capital requirements of Section 10 of the Hong Kong Insurance Ordinance during the reported financial periods.

The table shows a summary of the capital adequacy position.

	As at 31st December, 2024 *HK$'000*
Eligible capital resources	
Tier 1 capital	**4,640,281**
Tier 2 capital	**–**
Prescribed capital requirement	**1,984,362**
Minimum capital requirement	**992,181**

In addition, the Group monitors capital using a gearing ratio, which is net current debt divided by total capital plus net current debt. Net current debt includes current portion of insurance contracts liabilities, insurance payables, amounts due to a joint venture and associates and other liabilities, less cash and bank balances and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company. As at 31st December, 2024, the Group had no net current debt.

34. Financial Risk Management Objectives and Policies (cont'd)

(5) Interest rate risk management

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, for financial assets at fair value through profit or loss, interest-bearing bank deposits, reinsurance contract asset and insurance contract liability showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		2024		2023	
		Increase/(decrease)		Increase/(decrease)	
	Change in interest rate	**in profit** ***HK$'000***	**in equity*** ***HK$'000***	in profit *HK$'000*	in equity* *HK$'000*
Financial assets at fair value through profit or loss	+50 basis points	**(2,386)**	**–**	(2,485)	–
	–50 basis points	**2,386**	**–**	2,485	–
Interest-bearing bank deposits	+50 basis points	**13,782**	**–**	15,416	–
	–50 basis points	**(13,782)**	**–**	(15,416)	–
Reinsurance contract asset	+50 basis points	**(15,238)**	**–**	(14,577)	–
	–50 basis points	**15,477**	**–**	14,834	–
Insurance contract liability	+50 basis points	**36,317**	**–**	34,854	–
	–50 basis points	**(36,881)**	**–**	(35,423)	–

* Excluding retained profits

34. Financial Risk Management Objectives and Policies (cont'd)

(6) Foreign exchange risk management

Foreign exchange risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group's foreign exchange risk primarily arises from its overseas operations, reinsurance and investment activities.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of Thai Baht, Japanese Yen and Renminbi, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate %	Decrease in profit before tax *HK$'000*
2024		
If Thai Baht weakens against Hong Kong dollar	**–5%**	**(530)**
If Japanese Yen weakens against Hong Kong dollar	**–8%**	**(4,403)**
If Renminbi weakens against Hong Kong dollar	**–7%**	**(8,017)**
2023		
If Thai Baht weakens against Hong Kong dollar	–5%	(713)
If Japanese Yen weakens against Hong Kong dollar	–8%	(1,334)
If Renminbi weakens against Hong Kong dollar	–7%	(8,147)

(7) Insurance risk management

The major classes of general insurance written by the Group include property damage, ships, goods in transit, pecuniary loss, accident and health, general liability, employees' compensation and motor insurances. Risks under these policies usually cover a 12-month duration.

For general insurance contracts, the most significant risks arise from natural disasters. For longer tail claims that take some years to settle, there is also inflation risk. For accident and health contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the end of the reporting period.

34. Financial Risk Management Objectives and Policies (cont'd)

(7) Insurance risk management (cont'd)

The provisions are refined regularly as part of an ongoing process as claims experience develops, certain claims are settled and further claims are reported.

The measurement process primarily includes projection of future claims costs through a combination of actuarial and statistical projection techniques like the Chain Ladder and Bornheutter Ferguson method calculated by an external actuary. In certain cases, where there is a lack of reliable historical data to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claims provisions are separately analysed by class of business. In addition, larger claims are usually separately assessed by loss adjusters. The claims projection assumptions are generally intended to provide the best estimate of the most likely or expected outcome.

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments may exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid which are greater than originally estimated and subsequent development of long tail claims.

Concentrations of underwriting risk

The business of the Group comprises both life and general insurance contracts, and general insurance contracts represent 99% of its total insurance revenue.

The Group actively manages its product mix to ensure that there is no significant concentration of insurance risk.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio, as well as unexpected outcomes.

The variability of risks is also improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical area. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The majority of reinsurance business ceded is placed on both the proportional and excess of loss basis with retention limits varying by product line and territory. Excess-of-loss reinsurance is designed to mitigate the Group's net exposure to catastrophic losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the consolidated statement of financial position as reinsurance contract assets.

34. Financial Risk Management Objectives and Policies (cont'd)

(7) Insurance risk management (cont'd)

Concentrations of underwriting risk (cont'd)

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. The Group also considers the long-established business relationship with the reinsurers.

The Group also has limited its exposure to a certain level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, such as hurricanes, earthquakes and flood damages. The purpose of these underwriting and reinsurance strategies is to limit the exposure to catastrophes to a pre-determined maximum amount based on the Group's risk appetite as decided by management. For a single realistic catastrophic event, this maximum amount is less than 5% of the shareholders' equity of the wholly-owned subsidiary, Asia Insurance Company, Limited, on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of the shareholders' equity of the wholly-owned subsidiary, Asia Insurance Company, Limited.

The Group uses its own and commercially available proprietary risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an unmodelled event are greater than those arising from a modelled event.

As at 31st December, 2024, over 90% (2023: over 90%) of the general insurance contracts liabilities were related to the business written in Hong Kong, Macau and Mainland China.

Sensitivities

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

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

34. Financial Risk Management Objectives and Policies (cont'd)

(7) Insurance risk management (cont'd)

Sensitivities (cont'd)

The analysis below is performed for reasonably possible movements in average claim cost with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity, if average claim costs were changed in a single calendar year.

HK$'000	2024 LIC as at 31st December	2024 Impact on LIC	2024 Impact on profit before income tax	2024 Impact on equity	2023 LIC as at 31st December	2023 Impact on LIC	2023 Impact on profit before income tax	2023 Impact on equity
Insurance contract liabilities	3,959,891				3,600,416			
Reinsurance contract assets	(1,722,489)				(1,404,716)			
Net insurance contract liabilities	2,237,402				2,195,700			
Unpaid claims and expenses – 5% increase								
Insurance contract liabilities		197,995	(197,995)	-		180,021	(180,021)	–
Reinsurance contract assets		(86,124)	86,124	-		(70,236)	70,236	–
Net insurance contract liabilities		111,871	(111,871)	-		109,785	(109,785)	–
Expenses – 5% increase								
Insurance contract liabilities		4,648	(4,648)	-		4,191	(4,191)	–
Reinsurance contract assets		-	-	-		–	–	–
Net insurance contract liabilities		4,648	(4,648)	-		4,191	(4,191)	–

Loss development triangle

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal `factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

34. Financial Risk Management Objectives and Policies (cont'd)

(7) Insurance risk management (cont'd)

Loss development triangle (cont'd)

Reproduced below is an exhibit that shows the development of claims over a period of time on a gross and net basis.

The tables show the estimates of cumulative incurred claims, including both notified and IBNR claims, for each successive accident year at the end of each reporting period, together with cumulative claims as at 31st December, 2024.

Gross general insurance claims

	Accident year						
	2019 *HK$'000*	2020 *HK$'000*	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*	2024 *HK$'000*	Total *HK$'000*
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)							
At end of accident year	767,231	822,509	877,718	783,238	1,107,773	1,043,132	1,043,132
One year later	981,300	1,005,945	1,074,004	1,047,182	1,740,974	–	1,740,974
Two years later	947,929	1,070,892	1,469,697	976,247	–	–	976,247
Three years later	918,590	909,516	1,381,379	–	–	–	1,381,379
Four years later	832,203	863,897	–	–	–	–	863,897
Five years later	818,887	–	–	–	–	–	818,887
Cumulative gross claims and other directly attributable expenses paid	(676,888)	(676,858)	(644,555)	(584,170)	(533,045)	(232,553)	(3,348,069)
Gross cumulative claims liabilities – accident years from 2019 to 2024	141,999	187,039	736,824	392,077	1,207,929	810,579	3,476,447
Gross cumulative claims liabilities – prior accident years							324,135
Effect of discounting							(261,146)
Effect of the risk adjustment margin for non-financial risk							420,455
Gross LIC for the contracts originated (refer to note 24)							3,959,891

34. Financial Risk Management Objectives and Policies (cont'd)

(7) Insurance risk management (cont'd)

Loss development triangle (cont'd)

Net general insurance claims

	Accident year						
	2019	2020	2021	2022	2023	2024	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Estimate of ultimate claim costs (net of reinsurance, undiscounted)							
At end of accident year	514,984	515,988	592,995	522,601	712,750	701,881	701,881
One year later	603,142	570,455	703,208	693,038	967,560	–	967,560
Two years later	562,367	608,114	989,125	592,267	–	–	592,267
Three years later	552,618	483,894	928,423	–	–	–	928,423
Four years later	505,542	457,186	–	–	–	–	457,186
Five years later	497,676	–	–	–	–	–	497,676
Cumulative net claims and other directly attributable expenses paid	(407,993)	(373,552)	(449,051)	(408,330)	(391,836)	(180,375)	(2,211,137)
Net cumulative claims liabilities – accident years from 2019 to 2024	89,683	83,634	479,372	183,937	575,724	521,506	1,933,856
Net cumulative claims liabilities – prior accident years							218,330
Effect of discounting							(152,444)
Effect of the risk adjustment margin for non-financial risk							237,660
Net LIC for the contracts originated (refer to note 24)							2,237,402

(8) Operational risk management

Operational risk is the risk of financial loss resulting from procedural errors, system failures, fraud and other events.

The Group manages operational risk by maintaining adequate documentation of its operating procedures to facilitate training and quality performance. A proper internal control system is incorporated in the operation workflow to minimise the risk of losses caused by human errors. To reduce the interruptions to business activities caused by system failures or natural disasters, back-up systems and contingency business resumption plans are in place for critical business and back-office functions. Detailed recovery procedures are properly documented, with periodic drills conducted to ensure that the procedures are current and correct.

34. Financial Risk Management Objectives and Policies (cont'd)

(9) Equity price risk management

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 19) and equity investments designated at fair value through other comprehensive income (note 17) as at 31st December, 2024. The Group's listed investments are mainly listed on the stock exchanges of Hong Kong, the United States, and Thailand and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every change of 15%, 10%, 5% and 10% in the fair values of the securities listed in Hong Kong, the United States, Thailand and all other areas, respectively, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the equity investments at fair value through other comprehensive income, the impact is recognised on the fair value reserve, which is part of equity.

	Change in sensitivity %	Carrying amount of securities HK$'000	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2024				
Equity investments in:				
Hong Kong				
– Listed financial assets at fair value through profit or loss	+15%	370,720	55,608	–
	–15%	370,720	(55,608)	–
United States				
– Listed financial assets at fair value through profit or loss	+10%	678,087	67,809	–
	–10%	678,087	(67,809)	–
Thailand				
– Listed equity investments at fair value through other comprehensive income	+5%	2,147,325	–	107,366
	–5%	2,147,325	–	(107,366)
– Listed financial assets at fair value through profit or loss	+5%	284,243	14,212	–
	–5%	284,243	(14,212)	–
All other areas				
– Listed financial assets at fair value through profit or loss	+10%	276,660	27,666	–
	–10%	276,660	(27,666)	–

* Excluding retained profits

31st December, 2024

34. Financial Risk Management Objectives and Policies (cont'd)

(9) Equity price risk management (cont'd)

	Change in sensitivity *%*	Carrying amount of securities *HK$'000*	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2023				
Equity investments in:				
Hong Kong				
– Listed financial assets at	+15%	345,998	51,900	–
fair value through profit or loss	–15%	345,998	(51,900)	–
United States				
– Listed financial assets at	+10%	571,283	57,128	–
fair value through profit or loss	–10%	571,283	(57,128)	–
Thailand				
– Listed equity investments at	+5%	2,353,738	–	117,687
fair value through other	–5%	2,353,738	–	(117,687)
comprehensive income				
– Listed financial assets at	+5%	275,299	13,765	–
fair value through profit or loss	–5%	275,299	(13,765)	–
All other areas				
– Listed financial assets at	+10%	44,363	4,436	–
fair value through profit or loss	–10%	44,363	(4,436)	–

* Excluding retained profits

35. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 **HK$'000**	2023 HK$'000
ASSETS		
Interests in subsidiaries *(note 36)*	**1,695,858**	1,695,858
Due from subsidiaries	**2,088,534**	1,714,123
Interest in a joint venture	**–**	–
Equity investments at fair value through other comprehensive income	**3,142,000**	2,441,000
Other assets	**8,826**	12,693
Cash and bank balances	**116,320**	399,496
Total assets	**7,051,538**	6,263,170
EQUITY AND LIABILITIES		
Equity		
Issued capital	**924,750**	929,296
Reserves *(note)*	**5,336,439**	4,741,526
Proposed final dividend	**83,219**	46,453
Total equity	**6,344,408**	5,717,275
Liabilities		
Other liabilities	**23,432**	17,957
Due to subsidiaries	**511,410**	422,800
Deferred tax liabilities	**172,288**	105,138
Total liabilities	**707,130**	545,895
Total equity and liabilities	**7,051,538**	6,263,170

31st December, 2024

35. Statement of Financial Position of the Company (cont'd)

Note:

A summary of the Company's reserves is as follows:

	Fair value reserve *HK$'000*	Treasury shares *HK$'000*	Share premium account *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1st January, 2023	1,331,227	(408)	560,531	60,060	121,433	3,154,597	5,227,440
Profit for the year	–	–	–	–	–	134,877	134,877
Other comprehensive income for the year:							
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	(519,450)	–	–	–	–	–	(519,450)
Total comprehensive income for the year	(519,450)	–	–	–	–	134,877	(384,573)
Repurchase of shares *(note 22)*	–	(388)	–	–	–	(17,280)	(17,668)
Transfer to capital redemption reserve *(note 22)*	–	–	–	–	7,292	(7,292)	–
Interim 2023 dividend	–	–	–	–	–	(37,220)	(37,220)
Proposed final 2023 dividend *(note 10)*	–	–	–	–	–	(46,453)	(46,453)
At 31st December, 2023 and 1st January, 2024	**811,777**	**(796)**	**560,531**	**60,060**	**128,725**	**3,181,229**	**4,741,526**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**107,020**	**107,020**
Other comprehensive income for the year:							
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	**633,850**	**–**	**–**	**–**	**–**	**–**	**633,850**
Total comprehensive income for the year	**633,850**	**–**	**–**	**–**	**–**	**107,020**	**740,870**
Repurchase of shares *(note 22)*	**–**	**406**	**–**	**–**	**–**	**(12,153)**	**(11,747)**
Transfer to capital redemption reserve *(note 22)*	**–**	**–**	**–**	**–**	**4,546**	**(4,546)**	**–**
Interim 2024 dividend	**–**	**–**	**–**	**–**	**–**	**(51,038)**	**(51,038)**
Proposed final 2024 dividend *(note 10)*	**–**	**–**	**–**	**–**	**–**	**(83,219)**	**(83,219)**
Over-provision of 2023 final dividend	**–**	**–**	**–**	**–**	**–**	**47**	**47**
At 31st December, 2024	**1,445,627**	**(390)**	**560,531**	**60,060**	**133,271**	**3,137,340**	**5,336,439**

36. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31st December, 2024 are as follows:

Name	Place of incorporation	Percentage of equity attributable to the Company		Issued share capital	Principal activities
		Direct	Indirect		
Asia Insurance Company, Limited	Hong Kong	100	–	HK$2,000,000,000	Insurance
Asia Investment Services Limited	British Virgin Islands	100	–	HK$10,000,000	Investment holding
AFH Investments (BVI) Limited	British Virgin Islands	100	–	US$1,000,000	Investment holding
Asia Insurance (Finance) Limited	Hong Kong	–	100	HK$25,000,000	Mortgage loan financing
Chamberlain Investment Limited	Republic of Liberia	–	100	US$100	Investment holding
Bedales Investment Limited	Republic of Liberia	–	100	Ordinary US$100 Preference US$3,000,000	Investment holding
Asia Investment Services (HK) Limited	Hong Kong	–	100	HK$10,000	Investment holding
Asia Financial (Nominees) Limited	Hong Kong	–	100	HK$2	Provision of nominee services
AFH Investment Company Limited	Hong Kong	–	100	HK$1	Investment holding
AFH Realty Investment Company Limited	Hong Kong	–	100	HK$1	Investment holding
AI Ventures Limited	Hong Kong	–	100	HK$1	Investment holding
AFH Health Care Services Limited	Hong Kong	–	100	HK$1	Provision of health care services
Top Hover Limited	British Virgin Islands	–	100	US$1	Investment holding
AFH Health Care Investment Limited	Hong Kong	100	–	HK$25,700,000	Investment holding
Wellness Realty Limited	Hong Kong	100	–	HK$10,000	Property investment

36. Particulars of Principal Subsidiaries (cont'd)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The principal place of operations of the principal subsidiaries is mainly Hong Kong.

37. Events After the Reporting Period

As disclosed in note 14 regarding to the transaction of Hong Kong Life Insurance Limited ("HKL"), the Group continues to seek regulatory approvals and other conditions for the sale of its interest in HKL. No significant changes in status have occurred up to the date of authorization of these financial statements.

38. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 26th March, 2025.