Report of the Directors and Financial Statements

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

31 December 2024

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

CONTENTS

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements of the Company for the year ended 31 December 2024.

Principal activities
The Company was granted a general insurance license by the Hong Kong Insurance Authority in October 2009. Its principal activity has not changed during the year and consists of the acceptance of general direct and reinsurance business.

Results and dividends
The Company's profit for the financial year ended 31 December 2024 and the state of affairs at that date are set out in the financial statements on pages 6 to 75.

The directors do not recommend the payment of any dividend in respect of the financial year.

Plant and equipment
Details of movements in the plant and equipment of the Company during the financial year are set out in note 9 to the financial statements.

Share capital
Details of movements in the Company's share capital during the year are set out in Note 21 to the financial statement.

Reserves
Details of movements in the reserves of the Company are set out in the Statement of Changes in Equity on page 8.

Directors
The directors of the Company during the financial year were:

LEUNG Siu King
FINLEY Philip
MALLEE Jacob Gerardus
WONG Man Fai
SHAAK Richard Nathan
DODDS Gregory John (Resigned on 23 July 2024)
JOHNSON Mark Norman Reginald (Appointed on 23 July 2024)

There being no provision in the Company's articles of association for the retirement of directors by rotation, all remaining directors continue in office for the ensuing year.

Directors' interests

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

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company, its holding company, or any of its fellow subsidiaries was a party during the financial year, except as disclosed in note 22 to the financial statements.

Certain directors of the Company also hold key management positions in its holding company, or certain of its fellow subsidiaries, which may have transactions with the Company as disclosed in note 22 to the financial statements.

Auditor

Ernst & Young retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

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Mark Johnson
Director

Hong Kong
30 April 2025

Independent auditor's report
To the member of Starr International Insurance (Asia) Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Starr International Insurance (Asia) Limited (the "Company") set out on pages 6 to 75, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of Starr International Insurance (Asia) Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Starr International Insurance (Asia) Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
30 April 2025

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 US$	2023 US$
Insurance revenue	4	141,322,116	136,706,619
Insurance service expenses	4	(143,036,712)	(135,622,544)
Net income from reinsurance contracts held	4	20,630,511	16,795,518
Insurance service result		18,915,915	17,879,593
Investment income	5	4,245,432	3,174,535
Finance expense from insurance contracts issued	6	(229,844)	(366,526)
Finance income/(expense) from reinsurance contracts held	6	45,084	(352,247)
Net insurance financial result		(184,760)	(718,773)
Other operating expenses		(14,427,274)	(10,873,980)
Finance costs – Interest expense on finance liabilities		(17,900)	(23,781)
PROFIT BEFORE TAX	7	8,531,413	9,437,594
Income tax expense	8	(2,814,897)	(1,789,944)
PROFIT FOR THE YEAR		5,716,516	7,647,650
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income		178,500	2,406,428
Changes in actuarial gains and losses		10,035	9,809
TOTAL OTHER COMPREHENSIVE INCOME		188,535	2,416,237
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,905,051	10,063,887

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 US$	31 December 2023 US$
ASSETS			
Plant and equipment	9	235,703	259,001
Right-of-use assets	10	723,799	1,446,815
Financial assets at fair value through other comprehensive income	11	114,286,391	109,171,976
Deferred tax assets	20	1,803,883	2,152,627
Insurance contract assets	18	728,200	1,096,977
Reinsurance contract assets	12	217,000,938	203,642,056
Amount due from ultimate holding company	13	-	119
Amount due from immediate holding company	14	12,055	10,453
Amounts due from fellow subsidiaries	15	153,811	145,134
Prepayments, deposits and other receivables	16	6,144,498	5,389,527
Tax recoverable		184,781	81,958
Fixed deposits	17	2,068,374	14,776,451
Cash and bank balances	17	54,773,520	16,363,597
Total assets		398,115,953	354,536,691
LIABILITIES			
Amount due to ultimate holding company	13	271,043	-
Amounts due to fellow subsidiaries	15	2,004,254	1,020,307
Insurance contract liabilities	18	304,975,954	270,191,064
Other payables and accruals	19	9,307,740	6,926,854
Lease liabilities	23	719,727	1,449,380
Income tax payable		745,471	762,373
Total liabilities		318,024,189	280,349,978
EQUITY			
Share capital	21	61,501,577	61,501,577
Retained earnings		20,698,549	14,982,033
Fair value reserves		(2,131,394)	(2,309,894)
Net actuarial loss on pension benefit obligation		23,032	12,997
Total equity		80,091,764	74,186,713
Total equity and liabilities		398,115,953	354,536,691

Mark Johnson
Director

Leung, Siu King
Director

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

STATEMENT OF CHANGES IN EQUITY

Financial year ended 31 December 2024

	Share capital US$	Retained earnings US$	Fair value reserve US$	Net actuarial loss on pension benefit obligation US$	Total US$
Balance as at 1 January 2023	61,501,577	7,334,383	(4,716,322)	3,188	64,122,826
Profit for the year	-	7,647,650	-	-	7,647,650
Other comprehensive income for the year:					
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	2,406,428	-	2,406,428
Change in actuarial gains and losses	-	-	-	9,809	9,809
Total comprehensive income for the year	-	7,647,650	2,406,428	9,809	10,063,887
Balance as at 31 December 2023 and as at 1 January 2024	61,501,577	14,982,033	(2,309,894)	12,997	74,186,713
Profit for the year	-	5,716,516	-	-	5,716,516
Other comprehensive income for the year:					
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	178,500	-	178,500
Change in actuarial gains and losses	-	-	-	10,035	10,035
Total comprehensive income for the year	-	5,716,516	178,500	10,035	5,905,051
Balance as at 31 December 2024	61,501,577	20,698,549	(2,131,394)	23,032	80,091,764

STARR INTERNATIONAL INSURANCE (ASIA) LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 US$	2023 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,531,413	9,437,594
Adjustments for:			
Investment income	5	(4,245,432)	(3,174,535)
Depreciation – Plant and equipment	7, 9	137,871	105,499
Depreciation – Right-of-use assets	7	723,516	713,608
Interest expense on lease liabilities	23	17,900	23,781
		5,165,268	7,105,947
Increase in reinsurance contract assets		(13,358,882)	(64,693,914)
Decrease/(increase) in insurance contract assets		368,777	(90,020)
Decrease/(increase) in amount due from ultimate holding company		119	(119)
(Increase)/decrease in amount due from immediate holding company		(1,602)	81,904
(Increase)/decrease in amounts due from fellow subsidiaries		(8,677)	576,991
Increase in prepayments, deposits and other receivables		(737,507)	(2,004,338)
Increase in amount due to ultimate holding company		271,043	-
Increase in amounts due to fellow subsidiaries		983,947	530,971
Increase in insurance contracts liabilities		34,784,890	77,095,211
Decrease in reinsurance contracts liabilities		-	(26,885)
Increase/(decrease) in other payables and accruals		2,390,921	(24,037)
Overseas taxes paid		(2,447,878)	(2,329,853)
Decrease/(increase) in fixed deposit		12,708,077	(983,449)
Net cash flows generated from operating activities		40,118,496	15,238,409
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of plant and equipment	9	(114,573)	(208,664)
Proceeds of investments		22,934,506	16,380,784
Purchases of investments		(28,084,719)	(32,880,585)
Interest received		3,970,480	3,142,047
Net cash flows used in investing activities		(1,294,306)	(13,566,418)
CASH FLOWS FROM FINANCING ACTIVITY			
Principal portion of lease liabilities and net cash flows used in financing activities	23	(747,553)	(705,420)
NET INCREASE IN CASH AND CASH EQUIVALENTS		38,076,637	966,571
Cash and cash equivalents at beginning of financial year		16,363,597	15,647,668
Effects of foreign exchange changes, net		333,286	(250,642)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	17	54,773,520	16,363,597

STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2024

	Note	2024 US$	2023 US$
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits with original maturities less than 3 months	17	21,778,519	-
Current and saving accounts with banks	17	32,992,872	16,361,401
Petty cash	17	2,129	2,196
Cash and cash equivalents as stated in the statement of cash flows		54,773,520	16,363,597

1. CORPORATE INFORMATION

Starr International Insurance (Asia) Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office and principal place of business of the Company is located at Suite 1901, 19/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company was granted a general insurance license by the Hong Kong Insurance Authority in October 2009. On 15 May 2013, the Company was approved by Hong Kong Insurance Authority to underwrite the statutory business classes of motor and employee compensation, for which persons are required by any ordinance to be insured. Its principal activity has not changed during the year and consists of the acceptance of general direct and reinsurance business.

On 19 April 2013, the Company established a branch (the "Philippines Branch") in Philippines, as licensed by the Philippines Securities and Exchange Commission to engage in non-life insurance by providing non-life insurance products, including both commercial and personal product lines. The Philippines Branch was duly licensed by the Insurance Commission on 8 May 2013.

The Company's immediate holding company is Starr Insurance & Reinsurance Limited, which is incorporated in Bermuda. In the opinion of the directors, the ultimate holding company of the Company is Starr International Company Inc, which was incorporated in Panama and redomiciled to Switzerland in 2012.

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 Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised HKFRSs for the first time in 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")*

The nature and the impact of the revised HKFRSs that are applicable to the Company are described below:

(a) *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 Company 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 Company.

(b) *Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Non-current Liabilities with Covenants*

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 Company has reassessed the terms and conditions of its liabilities as at 1 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 Company.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2024 in these financial statements.

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 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 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027

Further information about those HKFRSs that are expected to be applicable to the Company is described follows:

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 1 January 2027 with earlier application permitted. Retrospective application is required. The Company is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Company's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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 an insurance company, it is not eligible to elect to apply HKFRS 19.

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 Company's financial statements.

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 Company's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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 Company 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 Company'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 Company'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 Company's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

(a) Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

(b) Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another HKFRS instead of under HKFRS 17. After separating any distinct components, the Company applies HKFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

(ii) Level of aggregation

HKFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). HKFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Company applied a full retrospective approach for transition to HKFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into two groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of the remaining contracts in the portfolio (if any)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(ii) Level of aggregation (continued)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

(iii) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(iii) Recognition (continued)

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

(iv) Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(v) Measurement

(1) Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:
- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:
- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For each group of business, there is no allowance for time value of money on the liability for remaining coverage as there is no significant financing component existed.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(v) Measurement (continued)

(1) Insurance contracts – initial measurement (continued)

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 2.4(b)(vi)(2).

(2) Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(v) Measurement (continued)

(3) Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows paid
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 2.4(b)(vi)(2).

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(v) Measurement (continued)

(4) Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

(5) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company has opted to recognise any insurance acquisition cash flows as an expense when it incurs those costs, except for commission expenses which will be allocated to groups of insurance contracts. The Company uses a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(v) Measurement (continued)

(6) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

(vi) Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the consolidated statement of profit or loss and other comprehensive income, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

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

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Presentation (continued)

(1) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

(2) Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 2.4(b)(ii) indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 2.4(b)(v). Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

(3) Loss-recovery components

As described in Note 2.4(b)(v) above, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Presentation (continued)

(4) Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company makes use of a general fund and there is no direct link between the investment assets backing the insurance contract liabilities. The Company does not disaggregate finance income and expenses into profit or loss and other comprehensive income, but recognise the entire amount in consolidated statement of profit or loss.

(5) Net income or expense from reinsurance contracts held

The Company presents on the face of the statement of profit or loss and other comprehensive income, the income or expense from a group of reinsurance contracts held. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

(c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and 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 Company's business model for managing them. The Company 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Initial recognition and measurement (continued)

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 Company'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.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

<u>Financial assets at amortised cost</u>

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

<u>Financial assets at fair value through other comprehensive income (debt instruments)</u>

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the 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 statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

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 statement of profit or loss.

This category includes derivative instruments and equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments are also recognised as other income in the 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 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition

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 Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

(ii) Impairment of financial assets

The Company 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 Company 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Impairment of financial assets (continued)

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 Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company 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 Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Impairment of financial assets (continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

(iii) Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest rate method

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

Financial liabilities

Financial liabilities (including other creditors and amount due to a fellow subsidiary) are subsequently measured at amortised cost, using the effective interest rate method.

(iv) 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 a currently 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 (continued)

(d) Fair value measurement

The Company measures its debt instruments 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 Company. 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 Company 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.

(e) Cash and cash equivalents and deposits

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months 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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(f) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), 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 profit or loss in the period in which it arises.

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 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 financial periods. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

(g) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of 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 equipment, furniture and fixtures have been put into operation, such as repairs and maintenance, is normally charged to 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 equipment, furniture and fixtures are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvement	Over the lease terms
Furniture and fixtures	14.28%
Computer equipment	20% - 33 1/3%
Automobile	20%

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(g) Plant and equipment and depreciation (continued)

Where parts of an item of 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 the depreciation method are reviewed, and adjusted if appropriate, at least at each financial period end.

An item of 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 profit or loss in the financial period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(h) Leases

The Company 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.

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

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and 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. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Depreciation of right-of-use assets are included in "Depreciation of right-of-use assets". Right-of-use assets are subject to impairment.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leases (continued)

Company as a lessee (continued)

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured 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 incentive receivables, 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the US Treasure risk-free rate at the lease commencement date if 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. Interest expense is included in "Interest expense – lease liabilities". In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying assets.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. 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 lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below US$5,000). 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.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Company, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases including prepaid land lease payments under finance leases, are included in plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leases (continued)

Company as a lessee (continued)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Company is the lessor, assets leased by the Company under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Company is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

(i) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, 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 countries in which the Company operates.

Deferred tax is provided, using the liability method, on all 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 provided in full on all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses 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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(j) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

(a) Dividend income is recognised when the shareholders' right to receive payment has been established; and

(b) Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

(l) Related parties

A party is considered to be related to the Company 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 Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company; or

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(m) Employee benefits

Paid leave carried forward

The Company provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the financial period by the employees and carried forward.

Pension scheme

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. In accordance with the rules of the MPF Scheme, the Company's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Company's employer voluntary contributions, which are refunded to the Company when the employee leaves employment prior to the contributions vesting fully.

(n) Foreign currencies

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the date 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 profit or loss. Monetary assets and liabilities include insurance contract liabilities and reinsurance assets.

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 retranslation 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 the profit or loss is also recognised in other comprehensive income or the profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company makes estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Measurement of the expected credit loss ("ECL") allowance</u>

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI") is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL

<u>Insurance and reinsurance contracts</u>

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under HKFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

i. Liability for remaining coverage

Insurance acquisition cash flows

The insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals), where groups are not eligible to recognise an expense immediately. An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Release of liability for remaining coverage

The release of liability for remaining coverage into insurance revenue is based on expected premiums, where for reinsurance contracts issued this implies estimation of premiums for all insurance service provided, including those not yet reported by the ceding companies.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Insurance and reinsurance contracts (continued)

i. Liability for remaining coverage (continued)

Onerous groups

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.

Time value of money

For each group of business, there is no allowance for time value of money on the liability for remaining coverage as there is no significant financing component existed.

ii. Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Insurance and reinsurance contracts (continued)

iii. Discount rate

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate. Risk free rates are determined by reference to the risk-free yield curve from Hong Kong Insurance Authority and Philippines Insurance Commissions.

Discount rates applied for discounting of future cash flows are listed below:

Year	**1**	**3**	**5**	**10**	**15**
USD	4.112%	4.236%	4.341%	4.553%	4.770%
EUR	2.234%	2.088%	2.147%	2.271%	2.332%
HKD	3.885%	3.673%	3.602%	3.651%	3.720%
PHP	6.163%	6.145%	6.196%	6.288%	6.212%
THB	1.951%	2.016%	2.079%	2.291%	2.704%

iv. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Estimation of incremental borrowing rate in lease liabilities

If the Company cannot readily determine the interest rate implicit in a lease, and therefore, an incremental borrowing rate ("IBR") is used to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates when available and is required to make certain company-specific estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment 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. The carrying value of the deferred tax assets relating to recognised tax losses and temporary differences at 31 December 2024 was US$2,432,493 (2023: US$2,152,627). Further details are contained in note 20 to the financial statements.

4. INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES

An analysis of insurance revenue, insurance service expenses and net income/(expenses) from reinsurance contracts held 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 18.

	2024 US$	2023 US$
Insurance revenue		
Insurance revenue from contracts measured under the PAA	141,322,116	136,706,619
Insurance service expenses		
Incurred claims and other directly attributable expenses	(94,162,092)	(114,306,602)
Change that relate to past service – changes in the fulfilment cash flows relating to liabilities for incurred claims	(28,189,021)	(1,943,525)
Insurance acquisition cash flows amortization	(20,685,599)	(19,372,417)
Total insurance service expenses	(143,036,712)	(135,622,544)
Net income/(expenses) from reinsurance contracts held		
Reinsurance expenses – contracts measured under the PAA	(119,249,016)	(111,814,246)
Incurred claims recovery	80,627,926	99,576,477
Changes that relate to past service – changes in the fulfilment cash flows relating to incurred claims recovery and incurred directly attributable expenses	28,909,381	311,974
Reinsurance acquisition cash flows amortization	30,342,220	28,721,313
Total net income from reinsurance contracts held	20,630,511	16,795,518
Total insurance service result	18,915,915	17,879,593

5. INVESTMENT INCOME

An analysis of investment income is as follows:

	2024 US$	2023 US$
Interest income from bank deposits	816,178	482,908
Interest income from debt instruments at fair value through other comprehensive income	3,429,254	2,691,627
	4,245,432	3,174,535

6. FINANCE (EXPENSE)/INCOME FROM INSURANCE CONTRACTS ISSUED/REINSURANCE CONTRACTS HELD

	2024 US$	2023 US$
Interest accreted and due to changes in interest rates	(229,844)	(366,526)
Net finance expenses from insurance contracts issued	(229,844)	(366,526)
Interest accreted and due to changes in interest rates	45,084	(352,247)
Net finance income/(expenses) from reinsurance contracts held	45,084	(352,247)

7. PROFIT BEFORE TAX

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

	Notes	2024 US$	2023 US$
Employee benefits expense (excluding directors' remuneration):			
Salaries and wages		7,497,141	7,254,508
Pension scheme contributions		627,603	628,312
		8,124,744	7,882,820
Directors' remuneration:			
Fees		25,754	25,612
Other emoluments		349,332	101,848
	22(b)	375,086	127,460
Auditor's remuneration		367,246	310,539
Depreciation – Plant and equipment	9	137,871	105,499
Depreciation – Right-of-use assets	10	723,516	713,608
Foreign exchange differences, net		1,092,188	94,664
Survey fee, net		(670,902)	(2,235,222)

8. INCOME TAX

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

	Note	2024 US$	2023 US$
Current - Elsewhere		2,481,326	2,164,611
Deferred tax	20	333,571	(374,667)
Tax expense for the financial year reported in the profit or loss		2,814,897	1,789,944

8. INCOME TAX (continued)

A reconciliation of the income tax applicable to profit before tax at the statutory rate to the income tax at the effective tax rate is as follows:

	2024 US$	%	2023 US$	%
Profit before tax	8,531,413		9,437,594	
Tax at the statutory tax rate	1,407,684	16.5	1,557,203	16.5
Branch profit not subject to Hong Kong profits tax	(852,255)	(10.0)	(1,194,553)	(12.7)
Temporary differences with different taxation rates in other countries	2,052,600	24.1	1,473,727	15.6
Income not subject to tax	(225,772)	(2.7)	(187,537)	(2.0)
Expenses not deductible for tax	12,743	0.2	32,008	0.4
Tax addition/(reduction) with regard to the application of concessionary rate of 8.25%	1,554,599	18.2	(387,632)	(4.1)
Tax loss not recognised	1,733,064	20.3	-	-
Others	(2,867,766)	(33.6)	496,728	5.3
Tax expense recognised at the effective rate	2,814,897	33.0	1,789,944	19.0

9. PLANT AND EQUIPMENT

	Automobile US$	Leasehold improvement US$	Furniture and fixtures US$	Computer equipment US$	Total US$
2024					
At 1 January 2024:					
Cost	-	864,845	57,837	1,899,156	2,821,838
Accumulated depreciation	-	(812,418)	(52,118)	(1,698,301)	(2,562,837)
Net carrying amount	-	52,427	5,719	200,855	259,001
At 1 January 2024, net of accumulated depreciation	-	52,427	5,719	200,855	259,001
Additions	35,907	75,810	-	2,856	114,573
Depreciation provided for the year	(4,788)	(45,255)	(3,813)	(84,015)	(137,871)
At 31 December 2024, net of accumulated depreciation	31,119	82,982	1,906	119,696	235,703
At 31 December 2024:					
Cost	35,907	940,655	57,837	1,902,012	2,936,411
Accumulated depreciation	(4,788)	(857,673)	(55,931)	(1,782,316)	(2,700,708)
Net carrying amount	31,119	82,982	1,906	119,696	235,703
2023					
At 1 January 2023:					
Cost	-	792,253	57,837	1,763,084	2,613,174
Accumulated depreciation	-	(792,253)	(48,305)	(1,616,780)	(2,457,338)
Net carrying amount	-	-	9,532	146,304	155,836
At 1 January 2023, net of accumulated depreciation	-	-	9,532	146,304	155,836
Additions	-	72,592	-	136,072	208,664
Depreciation provided for the year	-	(20,165)	(3,813)	(81,521)	(105,499)
At 31 December 2023, net of accumulated depreciation	-	52,427	5,719	200,855	259,001
At 31 December 2023:					
Cost	-	864,845	57,837	1,899,156	2,821,838
Accumulated depreciation	-	(812,418)	(52,118)	(1,698,301)	(2,562,837)
Net carrying amount	-	52,427	5,719	200,855	259,001

10. RIGHT-OF-USE ASSETS

The carrying amounts of the Company's right-of-use assets and the movements during the year are as follows:

	2024 US$	2023 US$
At 1 January:		
Cost	4,785,343	3,046,956
Accumulated depreciation	(3,338,528)	(2,624,920)
Net carrying amount	1,446,815	422,036
At 1 January, net of accumulated amortization	1,446,815	422,036
Additions	-	1,738,387
Exchange differences	500	-
Depreciation provided during the year	(723,516)	(713,608)
At 31 December, net of accumulated depreciation	723,799	1,446,815
At 31 December:		
Cost	4,785,843	4,785,343
Accumulated depreciation	(4,062,044)	(3,338,528)
Net carrying amount	723,799	1,446,815

The Company obtains right to use the office premises for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of terms and conditions including lease payments and lease terms ranging from two to five years.

There is no addition to the right-of-use assets during the year ended 31 December 2024 (2023: US$1,738,387).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 US$	2023 US$
At fair value		
Listed Hong Kong government bonds	68,731,134	61,777,424
Listed Philippines government bonds	18,850,594	19,633,386
Listed corporate bonds	26,704,663	27,761,166
Total financial assets at fair value through other comprehensive income	114,286,391	109,171,976

During the year, the gross gain in respect of the Company's financial assets at fair value through other comprehensive income recognised in other comprehensive income amount to US$178,500 (2023: gross gain of US$2,406,428).

Included in the financial assets at fair value through other comprehensive income were debt investments of US$85,751,642 (2023: US$86,808,912) which mature beyond twelve months from the end of the reporting period.

As at 31 December 2024, the listed Philippines government bonds amounted to US$11,497,443 (2023: US$13,719,050) were deposited with the Insurance Commission (the "IC") in Philippines as security in accordance with the provision of the Insurance Code of the IC.

No loss allowance for debt investments at FVOCI is recognised for the year ended 31 December 2023 and 2024.

12. REINSURANCE CONTRACT ASSETS

Reconciliation of the remaining coverage and incurred claims components – Reinsurance contract held business

	2024					2023				
	Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims		
Reinsurance contracts held (in US$)	Excluding loss component	Loss Recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss Recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(25,061,566)	-	213,880,682	14,822,940	203,642,056	(21,239,526)	-	149,904,580	10,283,088	138,948,142
Opening reinsurance contract liabilities	-	-	-	-	-	(21,486)	-	(4,213)	(1,186)	(26,885)
Net opening balance	(25,061,566)	-	213,880,682	14,822,940	203,642,056	(21,261,012)	-	149,900,367	10,281,902	138,921,257
Reinsurance expenses	(119,249,016)	-	-	-	(119,249,016)	(111,814,246)	-	-	-	(111,814,246)
Amounts recoverable from reinsurers										
Incurred claims recovery (current service)	-	-	74,792,043	5,835,883	80,627,926	-	-	93,343,204	6,233,273	99,576,477
Changes that relate to past service – changes in the fulfilment cash flows relating to incurred claims recovery and incurred directly attributable expenses	-	-	27,770,130	1,139,251	28,909,381	-	-	2,004,209	(1,692,235)	311,974
Reinsurance acquisition cash flows amortisation	30,342,220	-	-	-	30,342,220	28,721,313	-	-	-	28,721,313
Total amounts recoverable from reinsurers	30,342,220	-	102,562,173	6,975,134	139,879,527	28,721,313	-	95,347,413	4,541,038	128,609,764
Net expenses from reinsurance contracts held	(88,906,796)	-	102,562,173	6,975,134	20,630,511	(83,092,933)	-	95,347,413	4,541,038	16,795,518
Net finance (income)/expenses from reinsurance contracts held	-	-	45,084	-	45,084	-	-	(352,247)	-	(352,247)
Effect of movements in exchange rates	220,649	-	(216,725)	-	3,924	(600,230)	-	33,346	-	(566,884)
Total amounts recognised in profit or loss	(88,686,147)	-	102,390,532	6,975,134	20,679,519	(83,693,163)	-	95,028,512	4,541,038	15,876,387
Cash flows										
Premiums paid net of ceding commissions	83,103,075	-	-	-	83,103,075	79,892,609	-	-	-	79,892,609
Recoveries from reinsurance	-	-	(90,423,712)	-	(90,423,712)	-	-	(31,048,197)	-	(31,048,197)
Total cash flows	83,103,075	-	(90,423,712)	-	(7,320,637)	79,892,609	-	(31,048,197)	-	48,844,412
Closing reinsurance contract assets	(30,644,638)	-	225,847,502	21,798,074	217,000,938	(25,061,566)	-	213,880,682	14,822,940	203,642,056
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing balance	(30,644,638)	-	225,847,502	21,798,074	217,000,938	(25,061,566)	-	213,880,682	14,822,940	203,642,056

13. AMOUNT DUE FROM/(TO) ULTIMATE HOLDING COMPANY

The amounts represent balances related to general business operations. The amounts are unsecured, interest free and have no fixed terms of repayment.

14. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

The amounts represent balances related to general business operations. The amounts are unsecured, interest free and have no fixed terms of repayment.

15. AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES

The amounts represent balances related to general business operations. The amounts are unsecured, interest free and have no fixed terms of repayment.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 US$	2023 US$
Interest receivables	937,315	888,490
Prepayments	2,133,473	1,074,627
Rental and other deposits	271,745	260,695
Other receivables	2,801,965	3,165,715
	6,144,498	5,389,527

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there has been no recent history of default and the carrying amounts reasonably approximate to their fair values.

17. CASH AND CASH EQUIVALENTS AND DEPOSITS

	2024 US$	2023 US$
Non-pledged time deposits with original maturities less than 3 months	21,778,519	-
Current and saving accounts with banks	32,992,872	16,361,401
Petty Cash	2,129	2,196
Cash and cash equivalents	54,773,520	16,363,597
Non-pledged time deposits with original maturities over 3 months	2,068,374	14,776,451
	56,841,894	31,140,048

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with banks with no recent history of default. The carrying amounts of the cash and cash equivalents and deposits reasonably approximate to their fair values.

18. INSURANCE CONTRACT LIABILITIES

	2024					2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
Insurance contracts issued (in US$)	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	16,550,439	-	236,515,084	17,125,541	270,191,064	13,595,965	-	167,364,096	12,135,792	193,095,853
Opening insurance contract assets	(3,294,474)	-	1,957,503	239,994	(1,096,977)	(2,343,841)	-	1,181,566	155,318	(1,006,957)
Net opening balance	13,255,965	-	238,472,587	17,365,535	269,094,087	11,252,124	-	168,545,662	12,291,110	192,088,896
Insurance revenue	(141,322,116)	-	-	-	(141,322,116)	(136,706,619)	-	-	-	(136,706,619)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	87,530,740	6,631,352	94,162,092	-	-	107,031,069	7,275,533	114,306,602
Changes that relate to past service – changes in the FCF relating to LIC	-	-	28,045,945	143,076	28,189,021	-	-	4,144,633	(2,201,108)	1,943,525
Insurance acquisition cash flows amortisation	20,685,599	-	-	-	20,685,599	19,372,417	-	-	-	19,372,417
Insurance service expenses	20,685,599	-	115,576,685	6,774,428	143,036,712	19,372,417	-	111,175,702	5,074,425	135,622,544
Insurance service result	(120,636,517)	-	115,576,685	6,774,428	1,714,596	(117,334,202)	-	111,175,702	5,074,425	(1,084,075)
Finance expenses from insurance contracts issued	-	-	229,844	-	229,844	-	-	366,526	-	366,526
Effect of movements in exchange rates	(109,458)	-	(61,059)	-	(170,517)	26,655	-	147,971	-	174,626
Total amounts recognised in profit or loss	(120,745,975)	-	115,745,470	6,774,428	1,773,923	(117,307,547)	-	111,690,199	5,074,425	(542,923)
Cash flows										
Premiums received	150,871,226	-	-	-	150,871,226	138,260,915	-	-	-	138,260,915
Claims and other directly attributable expenses paid	-	-	(96,828,698)	-	(96,828,698)	-	-	(41,763,274)	-	(41,763,274)
Insurance acquisition cash flows	(20,662,784)	-	-	-	(20,662,784)	(18,949,527)	-	-	-	(18,949,527)
Total cash flows	130,208,442	-	(96,828,698)	-	33,379,744	119,311,388	-	(41,763,274)	-	77,548,114
Closing insurance contract liabilities	26,082,561	-	255,036,210	23,857,183	304,975,954	16,550,439	-	236,515,084	17,125,541	270,191,064
Closing insurance contract assets	(3,364,129)	-	2,353,149	282,780	(728,200)	(3,294,474)	-	1,957,503	239,994	(1,096,977)
Net closing balance	22,718,432	-	257,389,359	24,139,963	304,247,754	13,255,965	-	238,472,587	17,365,535	269,094,087

19. OTHER PAYABLES AND ACCRUALS

	2024 US$	2023 US$
Other payables	5,958,502	4,267,386
Accruals	3,349,238	2,659,468
	9,307,740	6,926,854

Other payables are non-interest-bearing and are normally settled in three to six months. The carrying amounts disclosed above reasonably approximate to their fair values.

20. DEFERRED TAX

The movements in deferred tax during the year are as follows:

Deferred tax assets

	Accelerated tax depreciation US$	Losses available for offsetting against future taxable profits US$	Fair value reserve US$	Other temporary differences US$	Total US$
Deferred tax assets at 1 January 2023	15,921	1,425,236	184,363	212,502	1,838,022
Deferred tax (charged)/credited to profit or loss and other comprehensive income during the year	16,187	(332,404)	(60,062)	690,884	314,605
Deferred tax assets at 31 December 2023 and 1 January 2024	32,108	1,092,832	124,301	903,386	2,152,627
Deferred tax (charged)/credited to profit or loss and other comprehensive income during the year	(2,011)	(131,677)	(15,173)	428,727	279,866
Deferred tax assets at 31 December 2024	30,097	961,155	109,128	1,332,113	2,432,493

The Company has tax losses arising in Hong Kong of US$16,328,601 (2023: US$6,623,224) that are available indefinitely for offsetting against taxable profits of the Company, and the related deferred tax assets were partially recognised as shown above.

20. DEFERRED TAX (continued)

The movements in deferred tax during the year are as follows: (continued)

Deferred tax liabilities

	Difference between tax and accounting basis US$
Deferred tax liabilities at 1 January 2023	-
Deferred tax charged to profit or loss during the year	-
Deferred tax liabilities at 31 December 2023 and 1 January 2024	-
Deferred tax charged to profit or loss during the year	628,610
Deferred tax liabilities at 31 December 2024	628,610

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	2024 US$	2023 US$
Net deferred tax assets recognised in the statement of financial position	1,803,883	2,152,627

21. SHARE CAPITAL

	2024 US$	2023 US$
Issued and fully paid:		
478,465,652 (2023: 478,465,652) ordinary shares	61,501,577	61,501,577

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Share capital US$
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	478,465,652	61,501,577

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following material transactions with related parties during the financial year:

	Notes	2024 US$	2023 US$
Commission paid to the immediate holding company	(i)	-	3,084
Commission paid to fellow subsidiaries	(i)	35,665	915,335
Commission received from the immediate holding company	(ii)	11,685,116	11,187,006
Commission received from fellow subsidiaries	(ii)	394,124	454,066
Premiums ceded to the immediate holding company	(iii)	42,895,763	40,554,958
Premiums ceded to fellow subsidiaries	(iii)	1,838,017	1,996,719
Assumed premiums received from the immediate holding company	(iv)	-	10,416
Assumed premiums (refunded)/received from fellow subsidiaries	(iv)	(56,997)	6,020,003
Claims payable to fellow subsidiaries	(v)	16,702	104,178
Claims recoverable from the immediate holding company	(vi)	36,530,652	12,008,948
Claims recoverable from fellow subsidiaries	(vi)	385,634	76,850
Management fee income received from ultimate holding company	(vii)	9,696	3,484
Management fee income received from immediate holding company	(vii)	37,000	40,515

22. RELATED PARTY TRANSACTIONS (continued)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following material transactions with related parties during the financial year: (continued)

	Notes	2024 US$	2023 US$
Management fee income received from fellow subsidiaries	(vii)	3,917,542	3,542,915
Management fee paid to fellow subsidiaries	(vii)	825,883	495,623

Notes:

(i) During the financial year, commission was paid to fellow subsidiaries and a company under common management control, for introducing business to the Company in the normal course of business and on terms agreed with the counterparties.

(ii) During the financial year, commission from the immediate holding company and fellow subsidiaries was receivable in the normal course of business and on terms agreed with the immediate holding company.

(iii) During the financial year, premiums were ceded to the immediate holding company and a fellow subsidiary in the normal course of business and on terms agreed with the counterparties.

(iv) During the financial year, assumed premiums from fellow subsidiaries were receivable in the normal course of business and on the same terms as provided to other participants in the same proportional treaty.

(v) During the financial year, claims were payable to fellow subsidiaries, which were based on reinsurance arrangement entered into between the Company and the fellow subsidiary. The terms were agreed between the Company and its counterparty.

(vi) During the financial year, claims were recoverable from immediate holding company and fellow subsidiaries, which were based on reinsurance arrangement entered into between the Company and the immediate holding company, and between the Company and the fellow subsidiaries. The terms were agreed between the Company and its counterparty.

(vii) The management fees arose from administrative and/or investment services provided and/or received between the ultimate holding company, immediate holding company, fellow subsidiaries, related companies and the Company. The fees were based on the cost incurred and the terms were agreed between the Company and its counterparties.

22. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Company:

	Note	2024 US$	2023 US$
Short term employee benefits		349,963	120,568
Post-employment benefits		25,123	6,892
Total compensation paid to key management personnel	7	375,086	127,460

(c) As disclosed in notes 13, 14 and 15, outstanding balances represent operating expenses shared with companies under common management. The terms were agreed between the Company and its counterparties.

23. LEASE LIABILITIES

The Company as a lessee
The Company has a lease contract for the office premise.

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	US$
2024	
Carrying amount at 1 January 2024	1,449,380
Accretion of interest expenses during the year	17,900
Payment	(747,553)
	719,727
Analysed into:	
Current portion	623,042
Non-current portion	96,685
Carrying amount at 31 December 2024	719,727

23. LEASE LIABILITIES (continued)

(a) Lease liabilities (continued)

	US$
2023	
Carrying amount at 1 January 2023	416,025
Additions	1,714,994
Accretion of interest expenses during the year	23,781
Payment	(705,420)
	1,449,380
Analysed into:	
Current portion	730,990
Non-current portion	718,390
Carrying amount at 31 December 2023	1,449,380

The weighted average incremental borrowing rate applied to the lease liabilities recognized at 31 December 2024 was 1.61% (2023: 1.61%)

(b) The amounts recognised in profit or loss in relation to lease are as follows:

	Note	US$
2024		
Depreciation expense of right-of-use assets	7, 10	723,516
Interest expenses on lease liabilities		17,900
Total amount recognised in profit or loss		741,416
2023		
Depreciation expense of right-of-use assets	7, 10	713,608
Interest expenses on lease liabilities		23,781
Total amount recognised in profit or loss		737,389

24. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments (other than deferred tax assets, reinsurance contract assets and insurance contract liabilities, as disclosed at notes 20, 12 and 18) as at the end of the reporting period are as follows:

2024

Financial assets

	Fair value through other comprehensive income US$	Amortised cost US$	Total US$
Financial assets at fair value through other comprehensive income	114,286,391	-	114,286,391
Amount due from immediate holding company	-	12,055	12,055
Amounts due from fellow subsidiaries	-	153,811	153,811
Financial assets included in deposits and other receivables	-	4,011,025	4,011,025
Fixed deposits	-	2,068,374	2,068,374
Cash and cash equivalents	-	54,773,520	54,773,520
	114,286,391	61,018,785	175,305,176

Financial liabilities

	Financial liabilities at amortised cost US$
Amount due to ultimate holding company	271,043
Amounts due to fellow subsidiaries	2,004,254
Lease liabilities	719,727
Other payables	5,958,502
	8,953,526

24. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

2023

Financial assets

	Fair value through other comprehensive income US$	Amortised cost US$	Total US$
Financial assets at fair value through other comprehensive income	109,171,976	-	109,171,976
Amount due from ultimate holding company	-	119	119
Amount due from immediate holding company	-	10,453	10,453
Amounts due from fellow subsidiaries	-	145,134	145,134
Financial assets included in deposits and other receivables	-	4,314,900	4,314,900
Fixed deposits	-	14,776,451	14,776,451
Cash and cash equivalents	-	16,363,597	16,363,597
	109,171,976	35,610,654	144,782,630

Financial liabilities

	Financial liabilities at amortised cost US$
Amounts due to fellow subsidiaries	1,020,307
Lease liabilities	1,449,380
Other payables	4,267,386
	6,737,073

25. FAIR VALUE AND FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

Assets measured at fair value:

As at 31 December 2024:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$	Significant observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total US$
Debt instrument in fair value through other comprehensive income	114,286,391	-	-	114,286,391

As at 31 December 2023:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$	Significant observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total US$
Debt instrument in fair value through other comprehensive income	109,171,976	-	-	109,171,976

During the year ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

Management has assessed that the fair values of amount due from/to ultimate holding company, amount due from immediate holding company, amount due from/to fellow subsidiaries, financial assets included in prepayments, deposits and other receivables, cash and cash equivalents and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of each financial asset and liability is 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.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Regulatory framework

The operation of the Company is subject to local regulatory requirements in Hong Kong. The regulators are interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

Insurance risk

The Company principally writes and accepts the following types of general insurance contracts: accident and health, casualty, marine and property.

The principal risk the Company faces under insurance contracts is that the actual claims and payments or the timing thereof, are uncertain or differ from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines. The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events.

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 policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

The table below sets out the concentration of insurance contract liabilities by type of contracts.

	2024			2023		
	Insurance US$'000	Reinsurance held US$'000	Net US$'000	Insurance US$'000	Reinsurance held US$'000	Net US$'000
Accident and health	81,246	(66,023)	15,223	77,475	(62,983)	14,492
Marine	29,154	(25,238)	3,916	33,811	(30,725)	3,086
Property	125,110	(85,510)	39,600	98,976	(70,356)	28,620
Casualty	68,738	(40,230)	28,508	58,832	(39,578)	19,254
	304,248	(217,001)	87,247	269,094	(203,642)	65,452

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance risk (continued)

The Company's insurance contract liabilities as at 31 December 2024 were concentrated in the property, marine and accident and health lines as the Company underwrote a wide range of direct and assumed business of property damage and technical risks as well as accepted a major reinsurance contract to provide coverage over the risks of property damage or business interruption for certain energy-related business. For Marine and Accident and Health, the risks were mainly cargo and medical coverage respectively. However the Company's underwriting strategy, in the long run, is designed to ensure that risks are well diversified in terms of type of risk.

Key assumptions

The principal assumption underlying the liability estimates is that the Company's past claims development experience may be used to predict future claims experience. This includes assumptions in respect of average claims costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example once-off occurrence, changes in market factors such as public attitude to claiming and economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance risk (continued)

Sensitivities (continued)

	Change in assumptions %	Impact on gross insurance contract liabilities US$	Impact on net insurance contract liabilities US$	Impact on profit before tax US$	Impact on equity US$
31 December 2024					
Insurance risks	+5%	14,076,466	1,694,187	(1,694,187)	(1,414,646)
	-5%	(14,076,466)	(1,694,187)	1,694,187	1,414,646
31 December 2023					
Insurance risks	+5%	12,791,906	1,356,725	(1,356,725)	(1,132,865)
	-5%	(12,791,906)	(1,356,725)	1,356,725	1,132,865

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance risk (continued)

Gross liabilities for incurred claims for 2024

Accident year	2012 US$	2013 US$	2014 US$	2015 US$	2016 US$	2017 US$	2018 US$	2019 US$	2020 US$	2021 US$	2022 US$	2023 US$	2024 US$	Total US$
At end of accident year	16,341,641	24,020,449	39,374,380	45,064,631	57,685,411	47,946,183	63,021,079	57,687,145	45,385,490	51,207,999	122,799,896	118,629,904	90,778,610	
One year later	14,613,683	35,837,763	38,266,845	43,863,526	49,901,779	47,107,719	66,613,110	66,790,506	48,665,792	43,191,361	108,989,681	113,434,762		
Two years later	14,238,439	39,991,704	36,842,820	42,257,879	49,031,672	47,561,515	67,206,431	62,335,488	44,859,394	48,383,143	40,599,851			
Three years later	12,256,873	41,044,316	37,435,107	40,344,782	50,294,091	49,868,302	66,165,594	63,050,808	70,526,416	83,892,968				
Four years later	12,222,605	38,836,659	37,779,560	40,140,650	50,273,392	49,019,330	68,015,458	67,378,896	29,613,863					
Five years later	11,926,504	39,284,493	37,799,555	40,762,229	49,379,447	48,722,371	53,745,467	22,874,081						
Six years later	11,746,904	39,186,127	38,192,958	41,037,033	49,483,133	50,290,420	6,976,668							
Seven years later	11,679,062	39,850,018	37,769,760	41,147,343	40,723,109	2,630,127								
Eight years later	11,684,316	44,612,516	38,526,389	35,271,829	1,769,574									
Nine years later	11,595,908	44,615,189	47,784,423	1,534,952										
Ten years later	11,550,299	12,588,570	3,766,510											
Eleven years later	3,537,812	911,589												
Twelve years later	54,312													
Current estimate of cumulative claims incurred	54,312	911,589	3,766,510	1,534,952	1,769,574	2,630,127	6,976,668	22,874,081	29,613,863	83,892,968	40,599,851	113,434,762	90,778,610	398,837,867
Cumulative payments to date	-	(594,842)	(62,834)	(67,381)	(433,230)	(1,031,426)	(2,338,621)	(3,307,662)	(25,073,539)	(3,600,479)	(8,881,513)	(65,539,197)	(6,377,821)	(117,308,545)
Total gross liabilities for incurred claims as at reporting date	54,312	316,747	3,703,676	1,467,571	1,336,344	1,598,701	4,638,047	19,566,419	4,540,324	80,292,489	31,718,338	47,895,565	84,400,789	281,529,322

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance risk (continued)

Net liabilities for incurred claims for 2024

Accident year	2012 US$	2013 US$	2014 US$	2015 US$	2016 US$	2017 US$	2018 US$	2019 US$	2020 US$	2021 US$	2022 US$	2023 US$	2024 US$	Total US$
At end of accident year	3,693,451	2,996,498	4,179,407	7,805,994	7,842,614	10,938,427	13,979,094	15,741,827	10,766,033	12,409,890	9,733,052	15,133,444	12,175,111	
One year later	3,079,924	6,458,254	7,095,377	9,385,163	9,520,451	10,763,978	14,634,843	15,441,532	9,606,742	10,848,721	11,643,021	6,686,264		
Two years later	3,156,015	5,899,781	6,825,725	10,922,313	9,698,063	11,881,941	16,349,908	14,514,939	8,598,253	9,569,282	6,942,045			
Three years later	2,912,459	6,526,635	7,546,497	10,512,286	10,459,359	12,960,416	16,377,564	14,550,145	14,259,401	(869,226)				
Four years later	2,949,923	6,193,709	8,295,679	10,431,090	11,022,713	12,722,719	17,580,831	15,697,553	4,355,787					
Five years later	2,864,653	6,222,306	8,567,035	10,692,923	10,888,834	12,516,555	15,261,434	13,289,307						
Six years later	2,786,909	6,115,441	8,643,956	10,856,321	10,829,186	11,222,196	2,117,178							
Seven years later	2,752,549	6,385,201	8,500,241	10,803,489	11,190,245	813,462								
Eight years later	2,756,833	6,205,049	8,801,935	6,931,621	732,449									
Nine years later	2,700,386	6,154,602	7,429,345	380,423										
Ten years later	2,648,851	3,554,276	1,681,046											
Eleven years later	2,225,585	460,074												
Twelve years later	7,211													
Current estimate of cumulative claims incurred	7,211	460,074	1,681,046	380,423	732,449	813,462	2,117,178	13,289,307	4,355,787	(869,226)	6,942,045	6,686,264	12,175,111	48,771,131
Cumulative payments to date	-	(544,590)	(56,766)	(29,541)	(302,324)	(368,388)	(1,251,112)	(1,305,483)	(3,321,792)	(405,174)	(1,528,417)	(3,038,873)	(2,734,925)	(14,887,385)
Total net liabilities for incurred claims as at reporting date	7,211	(84,516)	1,624,280	350,882	430,125	445,074	866,066	11,983,824	1,033,995	(1,274,400)	5,413,628	3,647,391	9,440,186	33,883,746

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

(a) *Foreign currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Hong Kong dollars and United States dollars and its exposure to foreign exchange risk arises primarily from financial assets denominated in Hong Kong dollars. The Hong Kong dollar is pegged to the United States dollar and management believes that the impact of foreign currency risk on the Company is minimal until the peg is released. Nevertheless, management will monitor the situation closely and take appropriate actions when necessary.

The table below summarises the Company's exposure to foreign currency risk at the end of the reporting period by categorising assets and liabilities by major currencies.

	USD US$'000	HKD US$'000	CNY US$'000	THB US$'000	Other US$'000	Total US$'000
31 December 2024						
Assets						
Plant and equipment	236	-	-	-	-	236
Right-of-use assets	655	-	-	-	69	724
Financial assets at fair value through other comprehensive income	29,220	68,731	-	-	16,335	114,286
Deferred tax assets	472	-	-	-	1,332	1,804
Insurance contract assets	-	-	-	-	728	728
Reinsurance contract assets	173,508	451	17	1,200	41,825	217,001
Amount due from immediate holding company	12	-	-	-	-	12
Amount due from fellow subsidiaries	-	153	-	-	1	154
Tax recoverable	-	185	-	-	-	185
Deposits and other receivables	2,152	613	-	-	1,246	4,011
Fixed deposits	2,068	-	-	-	-	2,068
Cash and cash equivalents	43,211	2,505	-	-	9,058	54,774
	251,534	72,638	17	1,200	70,594	395,983

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(a) *Foreign currency risk* (continued)

	USD US$'000	HKD US$'000	CNY US$'000	THB US$'000	Other US$'000	Total US$'000
31 December 2024 (continued)						
Liabilities						
Amount due to ultimate holding company	271	-	-	-	-	271
Amounts due to fellow subsidiaries	1,909	95	-	-	-	2,004
Insurance contract liabilities	226,254	8,680	-	2,584	67,458	304,976
Other payables	100	3	-	58	5,798	5,959
Lease liabilities	-	672	-	-	48	720
Income tax payable	-	-	-	-	745	745
	228,534	9,450	-	2,642	74,049	314,675
31 December 2023						
Assets						
Plant and equipment	259	-	-	-	-	259
Right of use assets	1,216	-	-	-	231	1,447
Financial assets at fair value through other comprehensive income	31,600	61,777	-	-	15,795	109,172
Deferred tax assets	1,249	-	-	-	904	2,153
Insurance contract assets	1,097	-	-	-	-	1,097
Reinsurance contract assets	202,601	688	-	353	-	203,642
Amount due from immediate holding company	10	-	-	-	-	10
Amount due (to)/from fellow subsidiaries	-	145	-	-	-	145
Tax recoverable	-	82	-	-	-	82
Deposits and other receivables	1,981	568	-	-	1,766	4,315
Fixed deposits	11,174	-	-	-	3,602	14,776
Cash and cash equivalents	12,046	1,253	-	-	3,065	16,364
	263,233	64,513	-	353	25,363	353,462

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(a) *Foreign currency risk* (continued)

	USD US$'000	HKD US$'000	CNY US$'000	THB US$'000	Other US$'000	Total US$'000
31 December 2023 (continued)						
Liabilities						
Amounts due to fellow subsidiaries	1,020	-	-	-	-	1,020
Insurance contract liabilities	258,736	6,340	8	2,886	2,221	270,191
Other payables	4,206	3	-	58	-	4,267
Lease liabilities	-	1,230	-	-	219	1,449
Income tax payable	-	-	-	-	762	762
	263,962	7,573	8	2,944	3,202	277,689

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Hong Kong exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Increase/ (decrease) in HK rate %	Increase/ (decrease) in profit before tax US$	Increase/ (decrease) in equity US$
2024			
If the USD weakens against the HKD	0.5%	(315,940)	(263,810)
If the USD strengthens against the HKD	(0.5%)	315,940	263,810
2023			
If the USD weakens against the HKD	0.5%	(284,695)	(237,720)
If the USD strengthens against the HKD	(0.5%)	284,695	237,720

(b) *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Fluctuation on interest rate impacts and reflects through market price of fixed interest instruments. In general, if interest rates rise, the income potential of the portfolio also raises but the value of fixed rates securities declines. A fall in interest rates would generally have the opposite effect.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(b) *Interest rate risk* (continued)

The Company is exposed to interest rate risk through the investments in fixed interest rate financial assets whose fair value will be affected by fluctuation of prevailing market interest rates. The Company manages its exposure to interest rate risk through adopting a conservative investment strategy. The majority of the Company's financial assets are fixed interest rate investments, predominantly time deposits, government and corporate bonds, which are intended to rollover upon maturity.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, in the fair value of Company's investments and equity.

	Change in basis points	Change in fair value of investments US$	Change in equity US$
31 December 2024			
Financial assts at fair value through other comprehensive income	+50	(1,248,386)	(1,248,386)
	-50	1,373,846	1,373,846
31 December 2023			
Financial assts at fair value through other comprehensive income	+50	(1,456,171)	(1,456,171)
	-50	1,536,771	1,536,771

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(b) *Interest rate risk* (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, in the fair value of Company's net insurance contract liabilities and equity.

	Change in basis points	Change in fair value of net insurance contract liabilities US$	Change in equity US$
31 December 2024			
Net insurance contract liabilities	+50	183,363	155,859
	-50	(186,164)	(158,240)
31 December 2023			
Net insurance contract liabilities	+50	198,947	169,105
	-50	(202,022)	(171,719)

(c) *Price risk*

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's price risk exposure at year end relates to financial assets and liabilities, primarily investments, whose values will fluctuate as a result of changes in market prices. The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans and investment limits. The fair value hierarchy of the Company's financial instruments is set out in note 26 to the financial statements.

Sensitivity analysis on financial assets

At 31 December 2024, if the price of investments had been 10% higher/lower with all other variables held constant, the Company's equity value would have been US$11.4M higher/lower (2023: US$10.9M) and recognised in other comprehensive income. The impact on profit would have been nil.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Company's key exposure to credit risk is as follows:

(i) interests and principals of debt instrument at fair value through other comprehensive income
(ii) interests and principals of bond investments (note 11); and
(iii) amounts due from insurance intermediaries.

Interests and principals of bond investments
The principal credit risks are with the Hong Kong Monetary Authority ("HKMA") and listed corporations as 60% (2023: 57%) and 23% (2023: 25%) of the bonds held by the Company were issued by HKMA and the listed corporations respectively. As HKMA has a credit rating of AAA and the corporate bonds have investment-grade credit ratings or above, management considers the risk of default to be minimal.

Amount due from insurance intermediaries
The credit risk in respect of customer balances arises from non-payment of premiums. Premium receivables due from intermediaries are netted off against relevant commission payable to reduce the risk of doubtful debts.

The Company's credit terms are generally set from one to three months. Management performs reviews of credit risks regularly and will make provision when necessary.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk (continued)

(a) *Credit risk* (continued)

Amount due from insurance intermediaries (continued)
The table below provides information regarding the credit risk exposure of the Company at 31 December 2024 by classifying assets according to Standard & Poor's credit ratings or equivalent of the counterparties. AAA is the highest possible rating.

31 December 2024

	AAA US$'000	AA+/ AA/AA- US$'000	A+ US$'000	A US$'000	A- US$'000	BBB+/ BBB/ BBB- US$'000	Not rated US$'000	Total US$'000
Financial assets at fair value through other comprehensive income	-	71,491	2,883	8,154	9,250	22,508	-	114,286
Amount due from immediate holding company	-	-	-	12	-	-	-	12
Amounts due from fellow subsidiaries	-	-	-	-	-	-	154	154
Financial assets included in deposits and other receivables	-	-	-	-	-	-	4,011	4,011
Fixed deposits	-	-	-	-	-	2,068	-	2,068
Cash and cash equivalents	-	22,669	5,891	-	605	25,607	2	54,774
	-	94,160	8,774	8,166	9,855	50,183	4,167	175,305

31 December 2023

	AAA US$'000	AA+/ AA/AA- US$'000	A+ US$'000	A US$'000	A- US$'000	BBB+/ BBB/ BBB- US$'000	Not rated US$'000	Total US$'000
Financial assets at fair value through other comprehensive income	-	63,707	3,716	3,434	14,598	23,717	-	109,172
Amount due from immediate holding company	-	-	-	-	-	-	10	10
Amounts due from fellow subsidiaries	-	-	-	-	-	-	145	145
Financial assets included in deposits and other receivables	-	-	-	-	-	-	4,315	4,315
Fixed deposits	-	-	-	-	-	14,776	-	14,776
Cash and cash equivalents	-	7,690	5,388	-	922	2,361	3	16,364
	-	71,397	9,104	3,434	15,520	40,854	4,473	144,782

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk (continued)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or insurance liability falling due or payment either earlier than expected; or in advance of the Company's ability to generate cash inflows as anticipated.

The Company has investment guidelines with the prime objective of capital preservation and the liquidity guideline is that investments should be able to be liquidated within 60 days.

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts. The Company only invests in marketable bonds which can be readily sold or converted into cash to meet its financial obligations. Sufficient cash is maintained locally to ensure that claims as well as other financial liabilities can be paid on demand.

The table below analyses assets and liabilities of the Company into their relevant maturity groups based on the remaining period at the end of the reporting period to their contractual maturities or expected repayment dates.

31 December 2024

	Up to a year US$'000	More than 1 and up to 3 years US$'000	More than 3 and up to 5 years US$'000	Over 5 years US$'000	No maturity date US$'000	Total US$'000
Assets						
Financial assets at fair value through other comprehensive income	28,535	41,245	33,868	10,638	-	114,286
Amount due from immediate holding company	12	-	-	-	-	12
Amounts due from fellow subsidiaries	154	-	-	-	-	154
Financial assets included in deposits and other receivables	3,739	272	-	-	-	4,011
Fixed deposits	2,068	-	-	-	-	2,068
Cash and cash equivalents	54,774	-	-	-	-	54,774
	89,282	41,517	33,868	10,638	-	175,305

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk (continued)

(b) *Liquidity risk* (continued)

31 December 2024 (continued)

	Up to a year US$'000	More than 1 and up to 3 years US$'000	More than 3 and up to 5 years US$'000	Over 5 years US$'000	No maturity date US$'000	Total US$'000
Liabilities						
Amounts due to ultimate holding company	271	-	-	-	-	271
Amounts due to fellow subsidiaries	2,004	-	-	-	-	2,004
Lease liabilities	623	97	-	-	-	720
Other payables	5,958	-	-	-	-	5,958
	8,856	97	-	-	-	8,953

31 December 2023

	Up to a year US$'000	More than 1 and up to 3 years US$'000	More than 3 and up to 5 years US$'000	Over 5 years US$'000	No maturity date US$'000	Total US$'000
Assets						
Financial assets at fair value through other comprehensive income	22,363	45,417	27,685	13,707	-	109,172
Amount due from immediate holding company	10	-	-	-	-	10
Amounts due from fellow subsidiaries	145	-	-	-	-	145
Financial assets included in deposits and other receivables	4,054	261	-	-	-	4,315
Fixed deposits	14,776	-	-	-	-	14,776
Cash and cash equivalents	16,364	-	-	-	-	16,364
	57,712	45,678	27,685	13,707	-	144,782

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk (continued)

(b) *Liquidity risk* (continued)

31 December 2023 (continued)

	Up to a year US$'000	More than 1 and up to 3 years US$'000	More than 3 and up to 5 years US$'000	Over 5 years US$'000	No maturity date US$'000	Total US$'000
Liabilities						
Amounts due to fellow subsidiaries	1,020	-	-	-	-	1,020
Lease liabilities	731	718	-	-	-	1,449
Other payables	4,267	-	-	-	-	4,267
	6,018	718	-	-	-	6,736

The above analysis does not include insurance contract liabilities or the reinsurance contract assets thereof. Due to the nature of these items, the actual settlement pattern may differ from the maturity profile estimated at the end of the reporting period.

Capital management

The Company manages its capital and its shareholders' equity as disclosed in the statement of financial position, and the regulatory capital that it is required to maintain.

The Company, as an authorised insurer in Hong Kong, are required by Hong Kong Insurance Authority to meet Hong Kong solvency requirements. The Hong Kong Risk-based Capital ("HKRBC") regime has become part of the Hong Kong Insurance Ordinance ("HKIO") and has taken effect from 1 July 2024 for the Company. The Company complied with the regulatory solvency requirements throughout the year.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or return capital to ordinary shareholders.

27. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 April 2025.