

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

ASIA INSURANCE COMPANY, LIMITED

31st DECEMBER, 2024



ASIA INSURANCE COMPANY, LIMITED

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ASIA INSURANCE COMPANY, LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Asia Insurance Company, Limited (the “Company”) and its subsidiaries (the Group”) for the year ended 31st December, 2024.

Principal activities

The Company's and the Group's principal activities have not changed during the year and consisted of the underwriting of general and life insurance. The Company is exempted from preparing business review of its activities under section 388(3)(b) of the Hong Kong Companies Ordinance.

Results and dividends

The Group's profit for the year ended 31st December, 2024 and the Group's financial position at that date are set out in the financial statements on pages 6 to 99.

An interim dividend of HK1.70 cents per share was paid on 24th September, 2024.

The directors recommend the payment of a final dividend of HK4.00 cents per share in respect of the year. Further details are set out in notes 2.4 and 9 to the financial statements.

Share capital

There were no movements in the Company's share capital during the year.

Directors

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

CHAN Bernard Charnwut (Chairman)
WONG Kok Ho
WONG Chi Shun
TAN Stephanie Joyce
SOPHONPANICH Chai
SOPHONPANICH Donna
AU YANG Chi Chun Evan
NGAN Edith Manling
LI Lu Jen Laurence

In accordance with Article 117 of the Company's Articles of Association, CHAN Bernard Charnwut, SOPHONPANICH Chai and NGAN Edith Manling will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors of subsidiaries

During the year and up to the date of this report, CHAN Bernard Charnwut, WONG Kok Ho, WONG Chi Shun and TAN Stephanie Joyce hold directorships in all or certain of the Company's subsidiaries.

ASIA INSURANCE COMPANY, LIMITED

REPORT OF THE DIRECTORS

Directors' rights to acquire shares or debentures

At no time during the year was the Company or any of its holding companies, subsidiaries and 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.

Permitted indemnity provision

Pursuant to the Company's Articles of Association, every director shall be entitled to be indemnified out of the assets of the Company against all loss or liabilities (to the fullest extent permitted by the Hong Kong Companies Ordinance (Cap. 622)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company's holding company has arranged appropriate directors' and officer's liability coverage for the directors and officers of the Group.

Directors' interests in transactions, arrangements or contracts

Save as disclosed in note 5 to the financial statements, no director nor a connected entity of a director had a material beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding companies of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

Equity-linked agreements

There is no equity-linked agreement entered into by the Company during the year or subsisting at the end of the year.

Charitable contributions

During the year, the Company made charitable contributions totaling HK\$3,582,140.

Auditor

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

ON BEHALF OF THE BOARD



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CHAN Bernard Charnwut
Chairman

Hong Kong
26th March, 2025

Independent auditor's report
To the members of Asia Insurance Company, Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Asia Insurance Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 99, which comprise the consolidated statement of financial position as at 31st December, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standard as 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") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), 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 consolidated financial statements and auditor's report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Independent auditor's report (continued)
To the members of Asia Insurance Company, Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standard 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 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 consolidated financial statements.

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

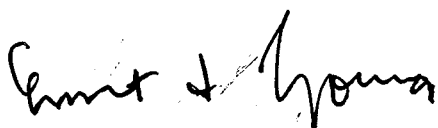
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report (continued)
To the members of Asia Insurance Company, Limited
(Incorporated in Hong Kong with limited liability)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



Certified Public Accountants
Hong Kong
26th March 2025

ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31st DECEMBER, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Insurance revenue	4	3,295,373	2,460,513
Insurance service expense	4	(2,461,250)	(1,966,780)
Net expenses from reinsurance contracts held	4	<u>(394,588)</u>	<u>(181,386)</u>
Insurance service result		439,535	312,347
Finance expenses from insurance contracts issued	6	(97,076)	(134,664)
Finance income from reinsurance contracts held	6	<u>31,229</u>	<u>43,298</u>
Insurance operating result		373,688	220,981
Investment income		299,445	240,972
Other operating expenses		(102,868)	(84,907)
Other income and losses, net		(8,906)	2,482
Share of profits and losses of joint ventures	12	(129)	(90,465)
Share of profits and losses of associates	13	34,310	22,124
Finance costs		<u>(91)</u>	<u>(51)</u>
PROFIT BEFORE TAX	7	595,449	311,136
Income tax expense	8	<u>(94,443)</u>	<u>(68,959)</u>
PROFIT FOR THE YEAR		<u><u>501,006</u></u>	<u><u>242,177</u></u>

ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st DECEMBER, 2024

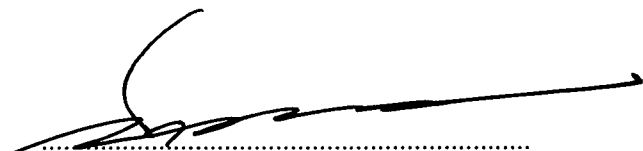
	Notes	2024 HK\$'000	2023 HK\$'000
PROFIT FOR THE YEAR		<u>501,006</u>	<u>242,177</u>
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Investment revaluation reserve:			
Share of other comprehensive income of associates	13	(17,423)	3,478
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(42,374)	46,535
Income tax effect		<u>44</u>	<u>(578)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		<u>(42,330)</u>	<u>45,957</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>(59,753)</u>	<u>49,435</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>441,253</u></u>	<u><u>291,612</u></u>

ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS			
Property, plant and equipment	10	137,624	143,348
Investment properties	11	24,200	27,500
Interests in joint ventures	12	404,252	408,316
Interests in associates	13	466,763	454,677
Pledged deposits	16	344,352	341,440
Investments in securities	14	3,821,290	3,303,126
Reinsurance contract assets	15	1,225,147	1,256,419
Due from the immediate holding company		300,000	300,000
Deposits and other receivables	18	355,522	145,100
Cash and bank balances	16	<u>2,090,888</u>	<u>2,144,508</u>
Total assets		<u>9,170,038</u>	<u>8,524,434</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	2,000,000	2,000,000
Reserves		<u>2,732,054</u>	<u>2,384,536</u>
Total equity		<u>4,732,054</u>	<u>4,384,536</u>
Liabilities			
Insurance contract liabilities	20	3,891,024	3,491,504
Accrued liabilities and other payables	21	283,855	471,904
Tax payable		242,595	53,558
Deferred tax liabilities	22	<u>20,510</u>	<u>122,932</u>
Total liabilities		<u>4,437,984</u>	<u>4,139,898</u>
Total equity and liabilities		<u>9,170,038</u>	<u>8,524,434</u>


 CHAN Bernard Charnwut
 Chairman


 WONG Chi Shun
 Executive Director &
 Chief Executive Officer

ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER, 2024

	Notes	Share capital HK\$'000	Share based reserve* HK\$'000	Fair value reserve* HK\$'000	Statutory reserve* HK\$'000	Contingency reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Asset revaluation reserve* HK\$'000	Retained profits* HK\$'000	Total equity HK\$'000
At 1st January, 2023		2,000,000	7,983	336,661	2,427	119,056	(27,020)	10,800	1,710,714	4,160,621
Profit for the year		-	-	-	-	-	-	-	242,177	242,177
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	45,957	-	-	-	-	-	45,957
Share of other comprehensive income of associates	13	-	-	(873)	-	-	4,351	-	-	3,478
Total comprehensive income for the year		-	-	45,084	-	-	4,351	-	242,177	291,612
Transfer to contingency reserve		-	-	-	-	33,053	-	-	(33,053)	-
Release from contingency reserve		-	-	-	-	(9,581)	-	-	9,581	-
Share of share based reserve of joint ventures		-	2,303	-	-	-	-	-	-	2,303
Share of changes in contingency reserve of a joint venture		-	-	-	-	390	-	-	(390)	-
Final 2022 dividend		-	-	-	-	-	-	-	(20,000)	(20,000)
Interim 2023 dividend	9	-	-	-	-	-	-	-	(50,000)	(50,000)
At 31st December, 2023		2,000,000	10,286	381,745	2,427	142,918	(22,669)	10,800	1,859,029	4,384,536

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ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31st DECEMBER, 2024

	Notes	Share capital HK\$'000	Share based reserve* HK\$'000	Fair value reserve* HK\$'000	Statutory reserve* HK\$'000	Contingency reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Asset revaluation reserve* HK\$'000	Retained profits* HK\$'000	Total equity HK\$'000
At 1st January, 2024		2,000,000	10,286	381,745	2,427	142,918	(22,669)	10,800	1,859,029	4,384,536
Profit for the year		-	-	-	-	-	-	-	501,006	501,006
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	(42,330)	-	-	-	-	-	(42,330)
Share of other comprehensive income of associates	13	-	-	(345)	-	-	(17,078)	-	-	(17,423)
Total comprehensive income for the year		-	-	(42,675)	-	-	(17,078)	-	501,006	441,253
Transfer to contingency reserve		-	-	-	-	43,858	-	-	(43,858)	-
Release from contingency reserve		-	-	-	-	(11,778)	-	-	11,778	-
Share of share based reserve of joint ventures		-	265	-	-	-	-	-	-	265
Share of changes in contingency reserve of a joint venture		-	-	-	-	715	-	-	(715)	-
Final 2023 dividend	9	-	-	-	-	-	-	-	(60,000)	(60,000)
Interim 2024 dividend	9	-	-	-	-	-	-	-	(34,000)	(34,000)
At 31st December, 2024		2,000,000	10,551	339,070	2,427	175,713	(39,747)	10,800	2,233,240	4,732,054

* These reserve accounts comprise the consolidated reserves of HK\$2,732,054,000 (2023: HK\$2,384,536,000) in the consolidated statement of financial position.

ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		595,449	311,136
Adjustments for:			
Interest income other than from life insurance business	7	(144,552)	(128,925)
Depreciation	7	11,851	12,884
Loss on disposal of items of property, plant and equipment	7	-	314
Dividend income	7	(55,175)	(41,348)
Gain on redemption/call-back of held-to-collect debts securities at amortised cost	7	(338)	-
Gain on changes in ownership interest in an associate	7	(4,316)	(51,823)
Changes in expected credit losses	7	9,039	(4,991)
Changes in fair value of investment properties	7	3,300	2,600
Share of profits and losses of joint ventures		129	90,465
Share of profits and losses of associates		(34,310)	(22,124)
Finance cost on lease		91	51
		<u>381,168</u>	<u>168,239</u>
Increase in securities measured at fair value through profit or loss		(381,116)	(131,210)
Repayment of mortgage loans		-	3,152
Decrease/ (Increase) in reinsurance contract assets		31,272	(255,969)
Increase in deposits and other receivables		(210,422)	(10,517)
Increase in insurance contracts liabilities		399,520	271,284
(Decrease)/ Increase in accrued liabilities and other payables		(186,884)	196,473
Cash generated from operations		<u>33,538</u>	<u>241,452</u>
Interest element on lease liabilities		(91)	(51)
Hong Kong profits tax refund/ (paid)		6,185	(6,370)
Overseas profits tax paid		(8,875)	(7,975)
Overseas withholding tax paid		(5,094)	(3,878)
Net cash flows from operating activities		<u>25,663</u>	<u>223,178</u>

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ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31st DECEMBER, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Net cash flows from operating activities		<u>25,663</u>	<u>223,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	(6,127)	(16,197)
Proceed from disposal of fixed asset		-	2,592
Capital contribution to joint ventures		-	(10,500)
Repayment of loan from an associate		1,857	1,125
Purchases of held-to-collect debt securities at amortised cost		(478,739)	(154,150)
Proceeds from redemption/call-back of held-to-collect debt securities at amortised cost		295,836	132,021
Decrease/ (increase) in time deposits with original maturity of more than three months when acquired		315,859	(494,459)
Increase in pledged deposits		(2,912)	(45,632)
Dividends received		61,415	48,001
Interest received		144,552	132,872
Net cash flows generated from/ (used in) investing activities		<u>331,741</u>	<u>(404,327)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(94,000)	(70,000)
Principal portion of lease payments		(1,165)	(2,628)
Net cash flows used in financing activities		<u>(95,165)</u>	<u>(72,628)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>262,239</u>	<u>(253,777)</u>
Cash and cash equivalents at beginning of year		<u>578,214</u>	<u>831,991</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>840,453</u></u>	<u><u>578,214</u></u>

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ASIA INSURANCE COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31st DECEMBER, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statement of financial position		2,090,888	2,144,508
Less: Time deposits with original maturity of more than three months when acquired	16	<u>(1,250,435)</u>	<u>(1,566,294)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>840,453</u>	<u>578,214</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

1. CORPORATE AND GROUP INFORMATION

The Company is a wholly-owned subsidiary of Asia Financial Holdings Limited (“AFH”), a company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited. In the opinion of the directors, the ultimate holding company of the Company is Claremont Capital Holdings Ltd. which was incorporated in the British Virgin Islands.

The registered office of the Company is located at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred as the “Group”) have not changed during the year and consisted of the underwriting of general and life insurance. Particulars of the Company’s principal subsidiaries are detailed in note 29 to the financial statements.

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”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain investments in securities which have been measured at fair value as further explained below. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Groups’ voting rights and potential voting rights.

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

If the Group loses control over a subsidiary, derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its. The 2022 Amendments to 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 amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS *Supplier Finance Arrangements*

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

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NOTES TO FINANCIAL STATEMENTS

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to HKFRS	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ²
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¹ Effective for annual periods beginning on or after 1st January, 2025

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

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

⁴ No mandatory effective date yet determined but available for adoption

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

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

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 Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

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. The Group is currently considering the application of HKFRS 19 in the financial statements.

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

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

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NOTES TO FINANCIAL STATEMENTS

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

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

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

Amendments to HKAS 21 *Lack of Exchangeability*

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES

2.4.1 Insurance contracts and reinsurance contracts held

Initial and subsequent measurement

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

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

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

- a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - (i) the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - (ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

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

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

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.1 Insurance contracts and reinsurance contracts held (continued)

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

- a. the LRC; and
- b. the Liability for Incurred Claims (“LIC”), comprising the Fulfilment Cash Flows (“FCF”) related to past service allocated to the Group at the reporting date.

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

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the Group at the reporting date.

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

- a. increased for premiums received in the period;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d. increased for the amortisation of insurance acquisition cash flows in the period recognised as Insurance service expense.

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

- a. increased for ceding premiums paid in the period;
- b. decreased for ceding commissions received in the period; and
- c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

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

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

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.1 Insurance contracts and reinsurance contracts held (continued)

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

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

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

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

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

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.1 Insurance contracts and reinsurance contracts held (continued)

Insurance service expense

Insurance service expense include the following:

- a. incurred claims and benefits, excluding investment components;
- b. other incurred directly attributable expenses;
- c. insurance acquisition cash flows amortisation;
- d. changes that relate to past service – changes in the FCF relating to the LIC; and
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

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

Expenses that are not directly attributable are included in other operating expenses in the Statement of Comprehensive Income.

Net income (expense) from reinsurance contracts held

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

- a. reinsurance expenses;
- b. incurred claims recovery, excluding investment components;
- c. other incurred directly attributable expenses recovery;
- d. changes that relate to past service – changes in the FCF relating to incurred claims recovery and incurred directly attributable expenses; and
- e. income on initial recognition and reversal of loss recovery component of onerous underlying contracts.

Investment component

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and Insurance service expense.

Reinsurance contracts held have explicit profit commission. The investment component excluded from net expense from reinsurance contracts held is determined as the amount that is payable by the Group to the counterparty under all circumstances having considered the profit commission feature of the contracts.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.2 Revenue recognition

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

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

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

2.4.3 Interests in associates and joint ventures

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

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

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures and is not individually tested for impairment.

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.3 Interests in associates and joint ventures (continued)

influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

2.4.4 Fair value measurement

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

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

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

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

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

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

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

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

2.4.5 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, reinsurance contract assets, investment properties and a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.5 Impairment of non-financial assets (continued)

recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.4.6 Property, plant and equipment and depreciation

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

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

Land and buildings, classified as right-of-use assets and owned assets, are measured at fair value less any subsequent accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal bases and annual rates used for this purpose are as follows:

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.6 Property, plant and equipment and depreciation (continued)

Other assets

Land and buildings	2% straight-line
Computer and peripherals	33.33% straight-line
Computer systems	14% straight-line
Furniture and fixtures	20% straight-line
Motor vehicles	20% straight-line

Right-of-use assets

Office premises	Over the lease terms
Copiers	Over the lease terms

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

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

2.4.7 Investment properties

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.8 Non-current assets and disposal groups held for sale

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

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

2.4.9 Leases

Lessee

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised under property, plant and equipment and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

Lessor

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.10 Investments and other 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 Group's business model for managing them. The Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

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 are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.10 Investments and other financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

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

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

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial assets at fair value through profit or loss

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.10 Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

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

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

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

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

Derecognition of financial assets

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.10 Investments and other financial assets (continued)

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.10 Investments and other financial assets (continued)

General approach (continued)

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

2.4.11 Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Other receivable and borrowings

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.11 Financial liabilities (continued)

Other receivable and borrowings (continued)

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4.12 Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.12 Related parties (continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4.13 Cash and cash equivalents

Cash and cash equivalents in the 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, are subject to an insignificant risk of changes in value, held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and bank balances comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4.14 Provisions

A provision, other than those of outstanding claims and those arising from insurance contracts with policyholders, is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

2.4.15 Income tax

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

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

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.15 Income tax (continued)

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.16 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4.17 Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.18 Employee benefits

The Group operates a defined contribution provident fund (the "Fund") and a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions to the Fund and the MPF Scheme are charged to the consolidated statement of profit or loss as incurred. The amount of contributions made by the Group is based on a specified percentage of the monthly relevant income of eligible employees. Forfeited contributions of the Fund in respect of employees who leave before the contributions become fully vested are available to the Group to reduce its ongoing funding and retirement scheme costs. The 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. The assets of the Fund and the MPF Scheme are held separately from those of the Group and placed in independently administered funds.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures.

Estimates, assumptions and judgements are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3.1 Eligibility considerations of the PAA

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

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

The judgements exercised in setting the thresholds to determine 'material difference' in the above assessment fundamentally affect the approach the group of insurance contracts is recognised and presented in the consolidated financial statements. The accounting policy on PAA's recognition and measurement is described in note 2.4.1.

3.2 Critical accounting estimates

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

Discount rates

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Critical accounting estimates (continued)

Discount rates (continued)

Yield Curve Approach as at 31 December 2024

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

Yield Curve Approach as at 31 December 2023

The Group adopts the yields published by the Hong Kong government bodies as the source of liquid risk-free yield curve. The yield curve will be constructed through interpolation between market observable maturities which will be performed using the Smith-Wilson method.

The yield curve represents nominal risk-free rates that include future inflation. Hence, the yield curve shall be applied in discounting nominal cash flows (i.e. include the effect of inflation).

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

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Critical accounting estimates (continued)

Onerous contracts

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

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

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

Estimation of expected premiums

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Critical accounting estimates (continued)

Risk adjustment for non-financial risk

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

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

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

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

Fair value measurement of unlisted financial instruments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in notes 14 and 26 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and business size differences. The Group classifies the fair value of these investments as Level 3. Further details are contained in notes 14(a), 14(c) and 26 to the financial statements.

Provision for expected credit losses on debt instruments

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

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group 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 Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

4. INSURANCE SERVICE RESULT

An analysis of insurance revenue, Insurance service expense and net expenses from reinsurance contracts held by product line for 2024 and 2023 is included in the following tables. Additional information on amounts recognised in profit or loss and OCI is included in the insurance contract balances reconciliations in note 20.

	2024 HK\$'000	2023 HK\$'000
Insurance revenue		
Insurance revenue from contracts measured under the PAA	3,295,373	2,460,513
Insurance service expense		
Incurred claims and other directly attributable expenses	(1,090,185)	(1,134,460)
Changes that relate to past service – changes in the FCF relating to the LIC	(407,659)	(152,175)
Losses on onerous contracts and reversal of those losses	(2,696)	(10,185)
Insurance acquisition cash flows amortisation	(960,710)	(669,960)
Total insurance service expense	<u>(2,461,250)</u>	<u>(1,966,780)</u>
Net income/(expenses) from reinsurance contracts held		
Reinsurance expenses – contracts measured under the PAA	(1,106,101)	(604,506)
Incurred claims recovery	351,574	403,018
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	357,135	17,411
Income on initial recognition of onerous underlying contracts	2,804	2,691
Total net expenses from reinsurance contracts held	<u>(394,588)</u>	<u>(181,386)</u>
Total insurance service result	<u>439,535</u>	<u>312,347</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

4. INSURANCE SERVICE RESULT (continued)

	Accident & health	Motor	Ships	Property damage	General liability	Goods in transit	Pecuniary loss	Treaty inward non- proportional*	Treaty inward proportional*	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31st December 2024											
Insurance revenue											
Insurance revenue from contracts measured under the PAA	284,176	214,807	40,440	271,818	633,064	6,274	36,114	29,505	1,759,424	19,751	3,295,373
Insurance service expense											
Incurred claims and other directly attributable expenses	(257,398)	(133,849)	(24,479)	(78,299)	(348,789)	(1,110)	(18,295)	(8,844)	(206,799)	(12,323)	(1,090,185)
Changes that relate to past service - changes in the FCF relating to the LIC	(3,627)	49,712	8,552	121,753	305,601	1,567	8,958	47,056	(947,153)	(78)	(407,659)
Losses on onerous contracts and reversal of those losses	(14,582)	597	429	30	82	179	-	637	9,923	9	(2,696)
Insurance acquisition cash flows amortisation	(38,169)	(52,602)	(11,532)	(93,001)	(151,379)	(1,474)	(11,950)	(3,499)	(597,088)	(16)	(960,710)
Total insurance service expense	(313,776)	(136,142)	(27,030)	(49,517)	(194,485)	(838)	(21,287)	35,350	(1,741,117)	(12,408)	(2,461,250)

* Insurance service result includes insurance revenue adjustments related to past service.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

4. INSURANCE SERVICE RESULT (continued)

	Accident & health	Motor	Ships	Property damage	General liability	Goods in transit	Pecuniary loss	Treaty inward non- proportional*	Treaty inward proportional*	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31st December 2023											
Insurance revenue											
Insurance revenue from contracts measured under the PAA	214,610	193,590	37,357	263,300	656,708	6,529	91,573	39,070	932,256	25,520	2,460,513
Insurance service expense											
Incurred claims and other directly attributable expenses	(168,431)	(134,916)	(24,143)	(186,200)	(410,435)	(1,107)	(9,287)	(47,605)	(143,180)	(9,156)	(1,134,460)
Changes that relate to past service - changes in the FCF relating to the LIC	1,161	77,656	2,604	28,089	357,527	1,120	5,491	74,713	(700,729)	193	(152,175)
Losses on onerous contracts and reversal of those losses	3,916	(597)	(2,814)	(30)	(90)	(179)	-	(462)	(9,923)	(6)	(10,185)
Insurance acquisition cash flows amortisation	(31,066)	(49,314)	(9,974)	(92,545)	(156,552)	(1,501)	(15,776)	(4,700)	(308,501)	(31)	(669,960)
Total insurance service expense	(194,420)	(107,171)	(34,327)	(250,686)	(209,550)	(1,667)	(19,572)	21,946	(1,162,333)	(9,000)	(1,966,780)

* Insurance service result includes insurance revenue adjustments related to past service.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

4. INSURANCE SERVICE RESULT (continued)

	Treaty outward non-proportional HK\$'000	Treaty outward proportional HK\$'000	Facultative outward HK\$'000	Total HK\$'000
For the year ended 31st December 2024				
Net income/(expense) from reinsurance contracts held				
Reinsurance expenses – contracts measured under the PAA	(107,950)	(833,834)	(164,317)	(1,106,101)
Incurred claims recovery	21,275	260,055	70,244	351,574
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(32,966)	429,836	(39,735)	357,135
Income on initial recognition and (reversal of loss recovery component) of onerous underlying contracts	(211)	3,167	(152)	2,804
Total net expenses from reinsurance contracts held	<u>(119,852)</u>	<u>(140,776)</u>	<u>(133,960)</u>	<u>(394,588)</u>
For the year ended 31st December 2023				
Net income/(expense) from reinsurance contracts held				
Reinsurance expenses – contracts measured under the PAA	(83,375)	(362,664)	(158,467)	(604,506)
Incurred claims recovery	36,371	262,677	103,970	403,018
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(66,382)	110,969	(27,176)	17,411
Income on initial recognition and (reversal of loss recovery component) of onerous underlying contracts	212	2,299	180	2,691
Total net expenses from reinsurance contracts held	<u>(113,174)</u>	<u>13,281</u>	<u>(81,493)</u>	<u>(181,386)</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

5. RELATED PARTY TRANSACTIONS AND BALANCES

The amount due from the immediate holding company of HK\$300,000,000 (2023: HK\$300,000,000) is unsecured, repayable on demand and bears interest at 0.5% (2023: 0.5%) per annum.

The amount due to the immediate holding company of HK\$9,500,000 (2023: HK\$9,500,000) is unsecured, interest-free and repayable on demand.

The Group had the following transactions with related parties during the year in addition to those disclosed elsewhere in the financial statements:

	Notes	2024 HK\$'000	2023 HK\$'000
Related party transactions included in the statement of profit or loss:			
Management fee paid to the immediate holding company	(a)	9,500	9,500
Interest income from associates	(b)	2,572	2,565
Interest income from the immediate holding company	(c)	1,500	1,500
Gross premiums written from the immediate holding company	(d)	3,541	3,813
Gross premiums written from fellow subsidiaries	(d)	326	322
Gross premiums written from related parties *	(d)	13,781	7,197
Gross premiums written from directors	(d)	342	337
Commission expense paid to related parties *	(e)	5,889	5,760
Commission expense paid to associates	(e)	11,113	11,313
Commission expense paid to joint ventures	(e)	1,106	1,418
Commission income written from joint ventures	(f)	123,788	51,008
Commission income written from associates	(f)	8,464	15,881
Reinsurance premiums written from joint ventures	(g)	8,534	7,197
Reinsurance premiums written from associates	(g)	889	140
Reinsurance premiums ceded to associates	(g)	33,360	54,698
Reinsurance premiums ceded to joint ventures	(g)	<u>223,297</u>	<u>100,648</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Notes:

- (a) The management fee arose from administrative services provided by the immediate holding company to the Group. The fees were based on cost incurred by the immediate holding company during the year.
- (b) The interest income from associates were calculated at 3% (2023: 3%) per annum.
- (c) The interest income from the immediate holding company was calculated at 0.5%, (2023: 0.5%) per annum.
- (d) The directors of the Company considered that the premium income from policies written with the immediate holding company, fellow subsidiaries, related companies and directors were determined according to prices and terms similar to those offered to unrelated customers of the Group.
- (e) The commission expenses were paid to associates, joint ventures and related companies for the referral of insurance business for the year.
- (f) The commission income was received from associates and joint ventures for the referral of insurance business for the year.
- (g) The directors of the Company considered that the reinsurance premiums ceded to/ written with joint ventures, associates were made according to prices and terms similar to those offered to unrelated retrocessionaries of the Group.

* Related parties represented companies with common directors of the Company.

Details of the compensation for key management personnel, who are the directors of the Company, and post-employment benefits of the Group are included in note 7 to the financial statements.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

6. INSURANCE FINANCE INCOME OR EXPENSES

	2024 HK\$'000	2023 HK\$'000
Finance expense from insurance contracts issued		
Interest accreted	(124,112)	(130,378)
Effect of changes in interest rates and other financial assumptions	27,036	(4,286)
Finance expense from insurance contracts issued	<u>(97,076)</u>	<u>(134,664)</u>
Finance income from reinsurance contracts held		
Interest accreted	43,091	41,098
Effect of changes in interest rates and other financial assumptions	(11,862)	2,200
Finance income from reinsurance contracts held	<u>31,229</u>	<u>43,298</u>
Net insurance finance expenses	<u>(65,847)</u>	<u>(91,366)</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

7. PROFIT BEFORE TAX

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

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	5,500	3,600
Depreciation (Note 10)	11,851	12,884
Directors' remuneration:		
Fees	640	610
Other emoluments	16,708	14,147
Pension scheme contributions	577	557
	<u>17,925</u>	<u>15,314</u>
Employee benefit expense (excluding directors' remuneration):		
Salaries and allowances	157,367	132,982
Pension scheme contributions	6,195	5,442
Less: Forfeited contributions	(571)	(77)
	<u>162,991</u>	<u>138,347</u>
Realised (gains)/losses on disposal of securities measured at fair value through profit or loss (held for trading)	(34,024)	14,102
Gain on redemption/call-back of held-to-collect debt securities at amortised cost	(338)	-
Gain on changes in ownership interest in an associate	(4,316)	(51,823)
Total realised gains on investments	<u>(38,678)</u>	<u>(37,721)</u>
Unrealised gains on securities measured at fair value through profit or loss (held for trading)	(61,040)	(32,978)
Total unrealised gains on investments	<u>(61,040)</u>	<u>(32,978)</u>
Loss on disposal of items of property, plant and equipment	-	314
Changes in expected credit losses	9,039	1,843
Changes in fair value of investment properties*	3,300	2,600
Foreign exchange (gains)/losses, net*	11,828	276
Dividend income from:		
Listed investments	(49,012)	(37,939)
Unlisted investments	(6,163)	(3,409)
Total dividend income	<u>(55,175)</u>	<u>(41,348)</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

7. PROFIT BEFORE TAX (continued)

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

	2024 HK\$'000	2023 HK\$'000
Interest income other than from life insurance business:		
Bank interest income	(92,209)	(84,990)
Bond interest income	(46,873)	(38,521)
Other interest income	(5,470)	(5,414)
	<u>(144,552)</u>	<u>(128,925)</u>
Interest income, net of other losses, from life insurance business#	<u>(5,901)</u>	<u>(6,458)</u>

Interest income, net of other losses, from life insurance business are included in "Insurance service expense" in the consolidated statement of profit or loss.

* Changes in fair value of investment properties and foreign exchange (gains)/losses, net are included in "Other income and loss, net" in the consolidated statement of profit or loss.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

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 in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2024 HK\$'000	2023 HK\$'000
Current – Hong Kong Charge for the year	182,997	25,700
Current – Elsewhere Charge for the year	14,438	13,321
Over provision in prior years	(614)	(636)
Deferred (note 22)	<u>(102,378)</u>	<u>30,574</u>
Total tax charge for the year	<u>94,443</u>	<u>68,959</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

8. INCOME TAX (continued)

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

2024

	Hong Kong HK\$'000	Elsewhere HK\$'000	Total HK\$'000
Profit before tax	<u>464,660</u>	<u>130,789</u>	<u>595,449</u>
Tax at the statutory tax rates	76,669	17,663	94,332
Share of profits or losses attributable to joint ventures and associates	6,040	-	6,040
Adjustments in respect of current tax of previous periods	-	(614)	(614)
Overseas withholding tax	-	5,094	5,094
Income not subject to tax	(23,641)	(8,368)	(32,009)
Expenses not deductible for tax	<u>21,600</u>	<u>-</u>	<u>21,600</u>
Tax charge at the Group's effective rate	<u>80,668</u>	<u>13,775</u>	<u>94,443</u>
Effective tax rate	<u>17.4%</u>	<u>10.5%</u>	<u>15.9%</u>

2023

	Hong Kong HK\$'000	Elsewhere HK\$'000	Total HK\$'000
Profit before tax	<u>203,813</u>	<u>107,323</u>	<u>311,136</u>
Tax at the statutory tax rates	33,629	14,284	47,913
Share of profits or losses attributable to joint ventures and associates	14,430	-	14,430
Adjustments in respect of current tax of previous periods	-	(636)	(636)
Overseas withholding tax	-	3,878	3,878
Income not subject to tax	(29,074)	(5,152)	(34,226)
Expenses not deductible for tax	<u>37,600</u>	<u>-</u>	<u>37,600</u>
Tax charge at the Group's effective rate	<u>56,585</u>	<u>12,374</u>	<u>68,959</u>
Effective tax rate	<u>27.8%</u>	<u>11.5%</u>	<u>22.2%</u>

The share of tax charge attributable to joint ventures amounting to HK\$2,911,000 (2023: HK\$882,000) and the share of tax charge attributable to associates HK\$1,782,000 (2023: HK\$775,000) are included in "Share of profits or losses of joint ventures" and "Share of profits or losses of associates", respectively, in the consolidated statement of profit or loss.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

9. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Proposed final – HK4.00 cents (2023: HK3.00 cents) per ordinary share	80,000	60,000
Interim – HK1.70 cents (2023: HK2.50 cents) per ordinary share	<u>34,000</u>	<u>50,000</u>
	<u>114,000</u>	<u>110,000</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Right-of- use assets HK\$'000	Total HK\$'000
2024						
Cost:						
At beginning of year	180,800	44,735	19,814	3,567	5,148	254,064
Additions	-	5,351	663	-	113	6,127
Disposals	-	(11)	(62)	(636)	(837)	(1,546)
At 31st December, 2024	<u>180,800</u>	<u>50,075</u>	<u>20,415</u>	<u>2,931</u>	<u>4,424</u>	<u>258,645</u>
Accumulated depreciation and impairment:						
At beginning of year	65,301	23,549	17,053	1,954	2,859	110,716
Charge for the year	3,607	5,638	1,064	461	1,081	11,851
Disposals	-	(11)	(62)	(636)	(837)	(1,546)
At 31st December, 2024	<u>68,908</u>	<u>29,176</u>	<u>18,055</u>	<u>1,779</u>	<u>3,103</u>	<u>121,021</u>
Net book value:						
At 31st December, 2024	<u>111,892</u>	<u>20,899</u>	<u>2,360</u>	<u>1,152</u>	<u>1,321</u>	<u>137,624</u>
2023						
Cost:						
At beginning of year	180,800	34,147	17,904	3,314	7,679	243,844
Additions	-	10,593	2,336	1,600	1,668	16,197
Disposals	-	(5)	(426)	(1,347)	(4,199)	(5,977)
At 31st December, 2023	<u>180,800</u>	<u>44,735</u>	<u>19,814</u>	<u>3,567</u>	<u>5,148</u>	<u>254,064</u>
Accumulated depreciation and impairment:						
At beginning of year	61,693	17,908	15,487	2,839	2,976	100,903
Charge for the year	3,608	5,645	1,679	462	1,490	12,884
Disposals	-	(4)	(113)	(1,347)	(1,607)	(3,071)
At 31st December, 2023	<u>65,301</u>	<u>23,549</u>	<u>17,053</u>	<u>1,954</u>	<u>2,859</u>	<u>110,716</u>
Net book value:						
At 31st December, 2023	<u>115,499</u>	<u>21,186</u>	<u>2,761</u>	<u>1,613</u>	<u>2,289</u>	<u>143,348</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

11. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1st January	27,500	30,100
Change in fair value (note 7)	(3,300)	(2,600)
Carrying amount at 31st December	<u>24,200</u>	<u>27,500</u>

The Group's investment properties consist of commercial properties in Hong Kong and Macau and were revalued on 31st December, 2024 based on valuations performed by AA Property Services Limited, an independent firm of professionally qualified valuers, at HK\$11,800,000 (2023: HK\$14,700,000) and HK\$12,400,000 (2023: HK\$12,800,000), respectively. The Group decides to appoint which external valuer to be responsible for the external valuation of the Group's property based on selection criteria including market knowledge, reputation, independence and whether professional standards are maintained. The management of the Group has discussions with the valuers on the valuation assumptions and valuation results annually when the valuations are performed for financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 24 to the financial statements.

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

During the years ended 31st December, 2024 and 2023, there were no transfers into or out of Level 3.

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

	Commercial properties in Hong Kong HK\$'000	Commercial properties in Macau HK\$'000	Total HK\$'000
Carrying amount at 1st January, 2023	14,700	15,400	30,100
Change in fair value of investment properties	<u>-</u>	<u>(2,600)</u>	<u>(2,600)</u>
Carrying amount at 31st December, 2023 and 1st January, 2024	14,700	12,800	27,500
Change in fair value of investment properties	<u>(2,900)</u>	<u>(400)</u>	<u>(3,300)</u>
Carrying amount at 31st December, 2024	<u>11,800</u>	<u>12,400</u>	<u>24,200</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

11. INVESTMENT PROPERTIES (continued)

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

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

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

12. INTERESTS IN JOINT VENTURES

	2024	2023
	HK\$'000	HK\$'000
Share of net assets	<u>404,252</u>	<u>408,316</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

12. INTERESTS IN JOINT VENTURES (continued)

The particulars of joint ventures of the Group as at 31st December, 2024 and 2023 are as follows:

Name	Business structure	Place of incorporation	Issued ordinary share capital	Percentage of equity held by the Company		Principal activities
				Direct	Indirect	
BC Reinsurance Limited	Corporate	Hong Kong	HK\$200,000,000	21	-	Reinsurance underwriting
Hong Kong Life Insurance Limited (“HKL”)#	Corporate	Hong Kong	HK\$870,000,000	16.67	-	Life insurance
Avo Insurance Company Limited	Corporate	Hong Kong	HK\$517,809,344	49.3	-	Insurance
Avo Tech Limited	Corporate	Hong Kong	HK\$25,000,000	-	25	Insurance technology
Avvio Holding Company Limited	Corporate	Cayman Islands	US\$10,000	49.3	-	Investment holding
Brave Moon Limited	Corporate	Hong Kong	HK\$10,000,000	40	-	Investment holding
Aasure Insurance Broker Limited*	Corporate	Hong Kong	HK\$500,000	-	40	Insurance broker
Avantech Solutions Limited	Corporate	Hong Kong	HK\$10,000,000	40	-	Insurance technology

Note:

* The Group holds 40% equity interest in this entity which is a wholly-owned subsidiary of a joint venture since 8th December 2023.

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

The Group received dividend income amounting to HK\$4,200,000 (2023: HK\$1,680,000) from a joint venture during the year.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

12. INTERESTS IN JOINT VENTURES (continued)

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

	2024 HK\$'000	2023 HK\$'000
Share of joint ventures' loss	(129)	(90,465)
Share of the joint ventures' total comprehensive income for the year	(129)	(90,465)
Aggregate carrying amount of the Group's interests in the joint ventures	<u>404,252</u>	<u>408,316</u>

13. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Share of net assets	385,485	371,542
Loans to associates	85,500	87,357
Due to associates	(4,222)	(4,222)
	<u>466,763</u>	<u>454,677</u>

The particulars of associates of the Group as at 31st December, 2024 and 2023 are as follows:

Name	Business structure	Place of incorporation	Issued ordinary share capital	Percentage of equity held by the Company Direct 2024 2023		Principal activities
Asian Insurance International (Holding) Limited	Corporate	Bermuda	US\$5,740,000	25	25	Investment holding
APIC Holdings, Inc.*	Corporate	Philippines	Peso23,241,700	50	50	Investment holding
Bangkok Insurance (Lao) Company Limited	Corporate	Laos	LAK16,000,000,000	23.5	23.5	Insurance
Professional Liability Underwriting Services Limited	Corporate	Hong Kong	HK\$3,000,000	27	27	Insurance agent

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

13. INTERESTS IN ASSOCIATES (continued)

The particulars of associates of the Group as at 31st December, 2024 and 2023 are as follows:
(continued)

Glory Standard Limited*	Corporate	Hong Kong	HK\$10,000	45	45	Property Investment
PT Asian International Investindo*	Corporate	Indonesia	IDR 133,196,800,000 2023: IDR 107,897,600,000	32.9	32.49	Investment holding
Robina Manila Hotel Limited*	Corporate	British Virgin Islands	HK\$78,000	25	25	Investment holding
Yangon Hotel Holdings Limited#	Corporate	Cook Islands	- 2023: US\$1	-	30	Investment

Notes:

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

Yangon Hotel Holdings Limited had been dissolved on 13 November 2024.

The Group received dividend income amounting to HK\$11,594,000 (2023: HK\$18,647,000) from associates during the year.

Except for loans to associates which bear interest at 3% (2023: 3%) per annum and classified as financial liabilities at amortised cost, the balances with associates are unsecured, interest-free and repayable on demand.

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

	2024 HK\$'000	2023 HK\$'000
Share of associates' profit	34,310	22,124
Share of associates' other comprehensive income	(17,423)	3,478
Share of associates' total comprehensive income for the year	16,887	25,602
Aggregate carrying amount of the Group's interests in the associates	466,763	454,677

ASIA INSURANCE COMPANY, LIMITED

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14. INVESTMENTS IN SECURITIES

	Notes	2024 HK\$'000	2023 HK\$'000
Equity investments at fair value through other comprehensive income	(a)	954,529	996,903
Held-to-collect debt securities at amortised cost	(b)	1,303,280	1,123,858
Securities measured at fair value through profit or loss	(c)	<u>1,563,481</u>	<u>1,182,365</u>
		<u>3,821,290</u>	<u>3,303,126</u>
(a) Equity investments at fair value through other comprehensive income			
		2024 HK\$'000	2023 HK\$'000
Listed equity investments outside Hong Kong, at fair value			
Bangkok Bank Public Company Limited		486,730	508,589
Bumrungrad Hospital Public Company Limited		<u>275,054</u>	<u>307,560</u>
		<u>761,784</u>	<u>816,149</u>
		2024 HK\$'000	2023 HK\$'000
Unlisted equity investments, at fair value			
The People's Insurance Company of China (Hong Kong), Limited		69,113	62,509
BE Reinsurance Limited		34,853	33,855
United Builders Insurance Company, Limited		17,813	13,477
BC RE		17,568	17,743
Other		<u>53,398</u>	<u>53,170</u>
		<u>192,745</u>	<u>180,754</u>
Total equity investments at fair value through other comprehensive income		<u>954,529</u>	<u>996,903</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

14. INVESTMENTS IN SECURITIES (continued)

(a) Equity investments at fair value through other comprehensive income

The above equity investments were irrevocably designated at fair value through other comprehensive income at initial recognition as the Group considers these investments to be strategic in nature.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income, which were previously classified as available-for-sale equity investments, have been estimated using market-based valuation techniques.

During the year ended 31st December, 2024, the gross gain of the Group's equity investments at fair value through other comprehensive income investments recognised directly in equity amounted to HK\$42,330,000 (2023: loss of HK\$45,957,000) and the Group received dividends in the amounts of HK\$49,105,000 (2023: HK\$38,443,000) and HK\$3,151,000 (2023: HK\$782,600) from listed and unlisted equity investments, respectively.

(b) Held-to-collect debt securities at amortised cost

	2024 HK\$'000	2023 HK\$'000
Listed debt securities, at amortised cost	1,211,407	1,022,430
Unlisted debt securities, at amortised cost	<u>103,777</u>	<u>104,293</u>
Held-to-collect debt securities at amortised cost	1,315,184	1,126,723
Less: impairment allowance	(11,904)	(2,865)
	<u>1,303,280</u>	<u>1,123,858</u>

The fair value of the listed and unlisted held-to-collect debt securities at amortised cost are based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

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

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

14. INVESTMENTS IN SECURITIES (continued)

(b) Held-to-collect debt securities at amortised cost (continued)

At the end of the reporting period, the Group invested in the held-to-collect debt securities at amortised cost with investment grade, non-investment grade and not rated amounting to HK\$1,277,805,000 (2023: HK\$1,081,668,000) and HK\$ Nil (2023: HK\$5,765,000) and HK\$25,475,000 (2023: HK\$36,425,000), respectively.

During the year, a cedant of certain pecuniary loss reinsurance contracts requested the Group to provide security in favour of the cedant to secure for the performance of the Company's obligations to the cedant under those reinsurance contracts. Accordingly, at 31st December, 2024, listed held-to-collect debt securities at amortised cost of the Group amounting to HK\$111,541,000 (2023: HK\$110,614,000) were pledged.

The table below shows the credit quality and the maximum exposure to credit risk and the year-end stage classification. The amounts presented are gross of impairment allowance.

2024

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
AAA	-	-	-	-
AA+ to AA-	185,269	-	-	185,269
A+ to A-	774,438	-	-	774,438
Below A-	319,052	-	-	319,052
Not rated	-	36,425	-	36,425
	<u>1,278,759</u>	<u>36,425</u>	<u>-</u>	<u>1,315,184</u>

2023

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
AAA	55,518	-	-	55,518
AA+ to AA-	100,588	-	-	100,588
A+ to A-	488,372	-	-	488,372
Below A-	445,820	-	-	445,820
Not rated	36,425	-	-	36,425
	<u>1,126,723</u>	<u>-</u>	<u>-</u>	<u>1,126,723</u>

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

14. INVESTMENTS IN SECURITIES (continued)

(b) Held-to-collect debt securities at amortised cost (continued)

The movements in the loss allowance for impairment of held-to-collect debt investments measured at amortised cost are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	2,865	1,022
Changes in impairment losses (note 7)	<u>9,039</u>	<u>1,843</u>
At end of year	<u>11,904</u>	<u>2,865</u>

(c) Securities measured at fair value through profit or loss

	2024 HK\$'000	2023 HK\$'000
Listed investments, at fair value	1,228,612	938,936
Unlisted investments, at quoted price	<u>334,869</u>	<u>243,429</u>
Total securities measured at fair value through profit or loss	<u>1,563,481</u>	<u>1,182,365</u>

Securities measured at fair value through profit or loss at 31st December, 2024 and 2023 were classified as held for trading.

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FOR THE YEAR ENDED 31st DECEMBER 2024

15. REINSURANCE CONTRACT ASSETS

	Treaty outward non-proportional HK\$'000	Treaty outward proportional HK\$'000	Facultative outward HK\$'000	Total HK\$'000
2024				
Reinsurance contract assets	<u>64,140</u>	<u>865,280</u>	<u>295,727</u>	<u>1,225,147</u>
	Treaty outward non-proportional HK\$'000	Treaty outward proportional HK\$'000	Facultative outward HK\$'000	Total HK\$'000
2023				
Reinsurance contract assets	<u>77,580</u>	<u>842,513</u>	<u>336,326</u>	<u>1,256,419</u>

15. REINSURANCE CONTRACT ASSETS (continued)

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	
	Excluding loss component	Loss Recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Total
Reinsurance contracts held (in HK\$'000)								
Opening reinsurance contract assets	-	3,429	1,273,448	131,268	1,256,419	(49,053)	738	951,354
Opening reinsurance contract liabilities	(151,726)	-	-	-	-	-	-	-
Net opening balance	(151,726)	3,429	1,273,448	131,268	1,256,419	(49,053)	738	951,354
Reinsurance expenses	(1,106,101)	-	-	-	(1,106,101)	(604,506)	-	-
Amounts recoverable from reinsurers	-	-	319,824	31,750	351,574	-	-	366,328
Incurred claims recovery (current service)	-	-	-	-	-	-	-	36,690
Changes that relate to past service – changes in the FCF relating to incurred claims recovery and incurred directly attributable expenses recovery	-	-	337,358	19,777	357,135	-	-	(2,833)
Income on initial recognition and reversal of loss recovery component of onerous underlying contracts	-	2,804	-	-	2,804	-	2,691	-
Total amounts recoverable from reinsurers	-	2,804	657,182	51,527	711,513	-	2,691	386,572
Net income (expenses) from reinsurance contracts	(1,106,101)	2,804	657,182	51,527	(394,588)	(604,506)	-	33,857
Net finance income from reinsurance contracts held	-	-	31,229	-	31,229	-	-	43,298
Total amounts recognised in comprehensive income	(1,106,101)	2,804	688,411	51,527	(363,359)	(604,506)	2,691	429,870
Cash flows								
Premiums paid net of ceding commissions	754,252	-	-	-	754,252	501,833	-	-
Recoveries from reinsurance	-	-	(422,165)	-	(422,165)	-	-	(107,776)
Total cash flows	754,252	-	(422,165)	-	332,087	501,833	-	(107,776)
Closing reinsurance contract assets	(503,575)	6,233	1,539,694	182,795	1,225,147	(151,726)	3,429	1,273,448
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-
Net closing balance	(503,575)	6,233	1,539,694	182,795	1,225,147	(151,726)	3,429	1,273,448
								131,268
								1,256,419

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

16. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents	840,453	578,214
Time deposits with original maturity of more than three months when acquired	<u>1,250,435</u>	<u>1,566,294</u>
	2,090,888	2,144,508
Pledged deposits	<u>344,352</u>	<u>341,440</u>
	<u>2,435,240</u>	<u>2,485,948</u>

The pledged deposits are pledged in favour of Autoridade Monetaria e Cambial de Macau as security for the outstanding claims provision and unearned premiums reserve as required under the applicable laws of Macau.

Cash and cash equivalents included cash at banks and short-term time deposits. Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. Time deposits with original maturity of more than three months when acquired earn interest at the respective time deposit rates with terms between three months and twelve months. The bank balances and pledged deposits are deposited with credit worthy banks with no recent history of default.

17. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares	<u>2,000,000</u>	<u>2,000,000</u>

There is no movements in the share capital during the year (2023: Nil).

ASIA INSURANCE COMPANY, LIMITED

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FOR THE YEAR ENDED 31st DECEMBER 2024

18. DEPOSITS AND OTHER RECEIVABLES

None of the deposits and other receivables are either past due or impaired. The financial assets included in the deposits and other receivables relate to receivables for which there was no recent history of default.

Where applicable, an impairment analysis is performed on other receivables at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The expected credit losses associated with other receivables were minimal in view of the facts that these balances are not yet past due.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

19. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

In accordance with the Macau Commercial codes, commencing from 1st November, 1999, a branch (the "Branch") of the Company, whose principal operation is conducted in Macau, is required to appropriate annually not less than 25% of its profit after tax to a statutory reserve, until the balance of the reserve reaches 50% of the Branch's capital fund, which was achieved in prior years. The statutory reserve may be utilised by the Branch for certain restricted purposes including the offsetting against the accumulated losses, if any, arising under certain specified circumstances.

Contingency reserve ("CR") represents a reserve established in accordance with *Guideline on Reserving for Mortgage Guarantee Business* ("GL6") issued by the Insurance Authority. In respect of mortgage guarantee business entered into before 1st January, 2011, an amount equals to 50% of the net earned premium income derived from mortgage guarantee business shall be assigned to the CR in each year and maintained for a period of seven years. In respect of the mortgage guarantee business entered into on or after 1st January, 2011, an amount equals to 50% of the net earned premium income derived from mortgage guarantee business and 75% of the net earned premium derived from direct non-standard mortgage guarantee business shall be assigned to the CR in each year and maintained for a period of ten years. In accordance with GL6, withdrawals may be made where the claims incurred in any year exceed 35% of the net earned premium income in that year, and any such withdrawals shall only be made on a first-in-first-out basis and recognised directly in equity.

At the end of the seventh year for mortgage guarantee business entered into before 1st January, 2011, or the tenth year for mortgage guarantee business entered into on or after 1st January, 2011, the amount assigned to the CR in respect of a year may be released to the extent that it has not already been depleted by prior withdrawals. Changes in CR are recognised directly in equity.

No withdrawal was made to the CR during the year ended 31st December, 2024 (2023: Nil).

ASIA INSURANCE COMPANY, LIMITED

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FOR THE YEAR ENDED 31st DECEMBER 2024

20. INSURANCE CONTRACT LIABILITIES

	Accident & health HK\$'000	Motor HK\$'000	Ships HK\$'000	Property damage HK\$'000	General liability HK\$'000	Goods in transit HK\$'000	Pecuniary loss HK\$'000	Treaty inward non- proportional HK\$'000	Treaty inward proportional HK\$'000	Others HK\$'000	Total HK\$'000
2024											
Insurance contract liabilities	115,995	327,450	57,801	224,780	1,293,309	4,525	176,400	88,943	1,466,644	135,177	3,891,024
2023											
Insurance contract liabilities	62,582	306,710	52,554	314,007	1,410,309	5,061	141,706	136,678	936,326	125,571	3,491,504

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

20. INSURANCE CONTRACT LIABILITIES (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims – Insurance contracts issued

	2024			2023						
	LRC	LIC		LRC	LIC					
	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
Insurance contracts issued (in HK\$'000)										
Opening insurance contract liabilities	(123,219)	14,307	3,273,329	327,087	3,491,504	298,502	4,122	2,644,187	273,409	3,220,220
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(123,219)	14,307	3,273,329	327,087	3,491,504	298,502	4,122	2,644,187	273,409	3,220,220
Insurance revenue	(3,295,373)	-	-	-	(3,295,373)	(2,460,513)	-	-	-	(2,460,513)
Insurance service expense	-	-	-	-	-	-	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	1,010,546	79,639	1,090,185	-	-	1,042,050	92,410	1,134,460
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	393,930	13,729	407,659	-	-	190,907	(38,732)	152,175
Losses on onerous contracts and reversal of those losses	-	2,696	-	-	2,696	-	10,185	-	-	10,185
Insurance acquisition cash flows amortisation	960,710	-	-	-	960,710	669,960	-	-	-	669,960
Insurance service expense	960,710	2,696	1,404,476	93,368	2,461,250	669,960	10,185	1,232,957	53,678	1,966,780
Insurance service result	(2,334,663)	2,696	1,404,476	93,368	(834,123)	(1,790,553)	10,185	1,232,957	53,678	(493,733)
Finance expenses from insurance contracts issued	7,435	-	89,641	-	97,076	-	-	134,664	-	134,664
Total amounts recognised in comprehensive income	(2,327,228)	2,696	1,494,117	93,368	(737,047)	(1,790,553)	10,185	1,367,621	53,678	(359,069)
Cash flows										
Premiums received	2,966,342	-	-	-	2,966,342	2,155,570	-	-	-	2,155,570
Claims and other directly attributable expenses paid	-	-	(1,228,010)	-	(1,228,010)	-	-	(738,479)	-	(738,479)
Insurance acquisition cash flows	(601,765)	-	-	-	(601,765)	(786,738)	-	-	-	(786,738)
Total cash flows	2,364,577	-	(1,228,010)	-	1,136,567	1,368,832	-	(738,479)	-	630,353
Closing insurance contract liabilities	(85,870)	17,003	3,539,436	420,455	3,891,024	(123,219)	14,307	3,273,329	327,087	3,491,504
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	(85,870)	17,003	3,539,436	420,455	3,891,024	(123,219)	14,307	3,273,329	327,087	3,491,504

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

21. ACCRUED LIABILITIES AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accruals and other payables	282,435	469,523
Lease liabilities	1,420	2,381
	<u>283,855</u>	<u>471,904</u>

Lease liabilities

Maturity profile

	2024 HK\$'000	2023 HK\$'000
Within one year	729	1,087
After one year but within five years	724	1,233
Over five years	-	111
Lease liabilities (undiscounted)	1,453	2,431
Discount amount	(33)	(50)
Lease liabilities (discounted)	<u>1,420</u>	<u>2,381</u>
Current	<u>699</u>	<u>1,046</u>
Non-current	<u>721</u>	<u>1,335</u>

The weighted average incremental borrowing rate applied to the lease liabilities recognized at 31st December, 2024 was 1.99524% – 6.32637% (2023: 1.99524% – 6.32637%). The fair value of the Company's non-current lease liabilities with a carrying amount of HK\$699,000 (2023: HK\$1,335,000) was HK\$724,000 (2023: HK\$1,344,000). The fair value was determined by discounting the expected future cash flows at prevailing interest rates.

Movements of carrying amounts of lease liabilities and reconciliation of liabilities arising from financing activities

	2024 HK\$'000	2023 HK\$'000
At 1st January	2,381	4,538
Additions	113	420
Interest expense	91	51
Payments	(1,165)	(2,628)
As at 31st December	<u>1,420</u>	<u>2,381</u>

ASIA INSURANCE COMPANY, LIMITED

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FOR THE YEAR ENDED 31st DECEMBER 2024

21. ACCRUED LIABILITIES AND OTHER PAYABLES (continued)

Lease liabilities (continued)

Reconciliation of lease liabilities arising from financing activities

	2024 HK\$'000	2023 HK\$'000
At 1st January	2,381	4,538
Changes from financing cash flow		
Capital element of lease liabilities	(1,074)	(2,577)
Other changes		
New lease liabilities arising from additional leases during the year (note a)	113	420
Finance charges on lease liabilities	91	51
Interest element on lease liabilities	(91)	(51)
At 31st December	<u>1,420</u>	<u>2,381</u>

Note:

(a) Major non-cash transactions

During the year, the Company entered into a lease arrangement in respect of office equipment with capital value at the inception of the leases of HK\$113,000 (2023: HK\$1,668,000).

Amounts recognised in the consolidated statement of profit or loss

	2024 HK\$'000	2023 HK\$'000
Depreciation expense of right-of-use assets	1,081	1,490
Written back on disposals of depreciation expenses	(837)	(1,607)
Interest expense on lease liabilities	91	51
	<u>335</u>	<u>(66)</u>

During the year, the Company had total cash outflows for leases of HK\$1,165,000 (2023: HK\$1,517,000). The Company also had non-cash additions of right-of-use assets and lease liabilities of HK\$113,000 (2023: HK\$1,668,000).

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

22. DEFERRED TAX LIABILITIES

	Share profit from interest in associates HK\$'000	Adoption of HKFRS 17 HK\$'000	Fair value adjustments of equity investments at other comprehensive income HK\$'000	Revaluation of buildings HK\$'000	Total HK\$'000
At 1st January, 2023	12,202	74,921	862	3,795	91,780
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	3,153	27,733	-	(312)	30,574
Deferred tax charged to other comprehensive income during the year	-	-	578	-	578
Gross deferred tax liabilities at 31st December, 2023 and 1st January, 2024	15,355	102,654	1,440	3,483	122,932
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	325	(102,654)	-	(49)	(102,378)
Deferred tax credited to other comprehensive income during the year	-	-	(44)	-	(44)
Gross deferred tax liabilities at 31st December, 2024	15,680	-	1,396	3,434	20,510

23. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the end of the reporting periods.

ASIA INSURANCE COMPANY, LIMITED

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24. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

The Group leases its office premises under operating lease arrangements. Rental income recognised by the Group during the year was HK\$807,000 (2023: HK\$711,000).

At 31st December 2024, the undiscounted lease payment receivables by the Group in future periods under non-cancellable operating leases with its tenants as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	624	740
After one year but within two years	427	643
After two years but within three years	<u>-</u>	<u>393</u>
	<u>1,051</u>	<u>1,776</u>

25. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Contracted, but not provided for:		
Acquisition of computer software	4,809	-
Macau IT cost	293	2,734
Others	<u>484</u>	<u>2,607</u>
	<u>5,586</u>	<u>5,341</u>

26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged deposits, loans due from associates, amount due from the immediate holding company, deposits and other receivables, amounts due to associates, insurance payables and accrued liabilities and other payables approximate to their carrying amounts.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major input applied in the valuation. The valuation is reviewed and approved twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of the unlisted (equity) investments at fair value through profit or loss are based on fund house quotations when the open market quotation is not available. The fair values of unlisted equity investments designated at fair value through other comprehensive income, have been estimated using market-based valuation techniques based on assumptions that are not supported by observable market prices or rates. The valuation requires management to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as price to earnings ("P/E") multiple, price to book value multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings or book value measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31st December, 2024:

Valuation Significant	Range or technique	Sensitivity of unobservable input	weighted average	fair value to the input
Unlisted equity investments	Valuation multiples	Discount of lack of marketability	0% - 30%	20% increase/(decrease) in discount would result in increase/(decrease) in fair value by HK\$22,986,000
		Price to book value multiple	0.21 – 2.61	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$16,424,000
		Enterprise value to earnings before interest and tax ("EBIT") multiple	17.1 – 20.12	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$8,581,000
		Enterprise value to sales multiple	2.57 – 3.85	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,736,000

The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

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

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31st December, 2023:

Valuation Significant	Range or technique	Sensitivity of unobservable input	weighted average	fair value to the input
Unlisted equity investments	Valuation multiples	Discount of lack of marketability	0% - 30%	20% increase/(decrease) in discount would result in increase/(decrease) in fair value by HK\$22,083,000
		Price to book value multiple	0.14 – 2.73	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$15,398,000
		Enterprise value to earnings before interest and tax ("EBIT") multiple	6.63 – 29.60	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,074,000
		Enterprise value to sales multiple	1.58 - 2.36	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,357,000

The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

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

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value

	2024				2023			
	Fair value measurement using				Fair value measurement using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income (note 14(a))	486,730	275,054	192,745	954,529	508,589	307,560	180,754	996,903
Securities measured at fair value through profit or loss (note 14(c))	1,228,612	171,459	163,410	1,563,481	938,936	115,736	127,693	1,182,365
Investment properties (note 11)	-	-	24,200	24,200	-	-	27,500	27,500
	<u>1,715,342</u>	<u>446,513</u>	<u>380,355</u>	<u>2,542,210</u>	<u>1,447,525</u>	<u>423,296</u>	<u>335,947</u>	<u>2,206,768</u>

As at 31st December, 2024 and 2023, the Group did not have any financial liabilities measured at fair value.

During the years ended 31st December, 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities.

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value (continued)

The movements in the fair value measurement within level 3 during the year ended 31st December, 2024 and 2023 is as follows:

	Financial assets at fair value through profit or loss - unlisted HK\$'000	Equity investments at fair value through other comprehensive income - unlisted HK\$'000
At 1st January, 2023	87,354	176,052
Purchase during 2023	31,872	-
Disposal during 2023	(69)	-
Total gain recognised in profit or loss	8,536	-
Total gain recognised in other comprehensive income	-	4,702
At 31st December, 2023 and 1st January, 2024	127,693	180,754
Purchase during 2024	37,539	-
Disposal during 2024	(3,263)	-
Total gain recognised in profit or loss	1,441	-
Total gain recognised in other comprehensive income	-	11,991
At 31st December, 2024	163,410	192,745
Total unrealized loss for the year included in profit or loss for financial assets held as at 31st December, 2024	1,441	-
Total unrealized gain for the year included in profit or loss for financial assets held as at 31st December, 2023	8,536	-

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value: (continued)

Assets for which fair values are disclosed:

	2024				2023			
	Fair value measurement using				Fair value measurement using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Held-to-collect debt securities at amortised cost	<u>1,178,319</u>	<u>72,026</u>	<u>25,475</u>	<u>1,275,820</u>	<u>978,294</u>	<u>73,300</u>	<u>36,425</u>	<u>1,088,019</u>

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for identifying, evaluating, monitoring and controlling the various types of risks pertaining to the Group's businesses, which are approved and endorsed by the board of directors and reviewed regularly by the Group's management and the immediate holding company's executive committee, investment committee and fund management committee and other designated committees or working groups. Material risks are identified and measured by designated committees and/or working groups before the launch of new products or business activities, and monitored, documented and controlled against applicable risk limits after the introduction of new products or services or implementation of new business activities. Internal auditors of the Group also perform regular audits to ensure compliance with the policies and procedures. The key risks include credit risk, liquidity risk, capital management risk, interest rate risk, foreign exchange risk, insurance risk, operational risk and equity price risk.

The overall internal control environment and the management policies for the major types of risks are as follows:

(1) Internal control environment

The internal control framework of the Group comprises comprehensive control policies and standards. The areas of responsibilities of each business and operational unit are clearly defined. Internal control procedures have been established based on the risk inherent in the individual business unit.

The internal audit department plays an important role in the Group's internal control framework. It monitors the effectiveness of the internal control procedures and ensures compliance with the policies and standards across the whole group. A direct reporting line to the audit committee under the board of directors safeguards its independence. The audit committee meets periodically to review and discuss financial performance, internal control, compliance issues and matters raised by the external auditors to ensure that all audit recommendations are implemented.

ASIA INSURANCE COMPANY, LIMITED

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FOR THE YEAR ENDED 31st DECEMBER 2024

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(2) Credit risk management

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to clients, intermediates, reinsurers and other activities undertaken by the Group. To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's insurance contract issued are widely dispersed in different intermediates and direct customers under different sectors and industries.

The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to the finalisation of any contract. The table represents the credit risk exposure of the Group, which equals the maximum exposure to credit risk considering the ability to set off, where applicable, under the reinsurance contracts. The concentration of credit risk has not significantly changed compared to the prior year.

	2024				2023			
	AA HK\$'000	A HK\$'000	Not rated HK\$'000	Total HK\$'000	AA HK\$'000	A HK\$'000	Not rated HK\$'000	Total HK\$'000
Reinsurance contract assets	<u>220,404</u>	<u>691,167</u>	<u>313,576</u>	<u>1,225,147</u>	<u>349,702</u>	<u>396,143</u>	<u>510,574</u>	<u>1,256,419</u>

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31st December, 2024. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month ECLs	Life time ECLs			Simplified approach HK\$'000	HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000			
Loan to associates	85,500	-	-	-	-	85,500
Held-to-collect debt securities at amortised cost	1,277,805	25,475	-	-	-	1,303,280
Financial assets at fair value through profit or loss	1,563,481	-	-	-	-	1,563,481
Due from immediate holding company	300,000	-	-	-	-	300,000
Financial assets included in deposits and other receivables **	355,522	-	-	-	-	355,522
Pledged deposits	344,352	-	-	-	-	344,352
Cash and bank balances	<u>2,090,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,090,888</u>
Total	<u>6,017,548</u>	<u>25,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,043,023</u>

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(2) Credit risk management (continued)

** The credit quality of the financial assets included in loans and advances and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The credit risk of the Group's other financial assets, which comprise cash and bank balances, pledged deposits, held-to-collect debt securities at amortised cost, equity investment at fair value through other comprehensive income, due from the immediate holding company, joint ventures and associates, and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(3) Liquidity risk management

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. To manage liquidity risk, the Group has established liquidity management policies that are pertinent to the operations of business units.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from insurance liabilities (the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held measured under the PAA are not included in the tables).

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(3) Liquidity risk management (continued)

31st December 2024	1	2	3	4	5	6-10	>10	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Insurance contract liabilities	(2,021,528)	(824,340)	(469,223)	(275,449)	(202,479)	(166,872)	-	(3,959,891)
Net insurance contract liabilities	<u>(1,112,845)</u>	<u>(471,094)</u>	<u>(288,841)</u>	<u>(164,831)</u>	<u>(117,030)</u>	<u>(82,761)</u>	<u>-</u>	<u>(2,237,402)</u>
31st December 2023	1	2	3	4	5	6-10	>10	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Insurance contract liabilities	(1,718,154)	(729,626)	(450,863)	(290,739)	(202,564)	(208,470)	-	(3,600,416)
Net insurance contract liabilities	<u>(1,093,201)</u>	<u>(487,423)</u>	<u>(265,063)</u>	<u>(141,759)</u>	<u>(112,709)</u>	<u>(95,545)</u>	<u>-</u>	<u>(2,195,700)</u>

The tables below summarise the expected recovery or settlement of assets of the Group:

31st December, 2024	Current HK\$'000	Non-current HK\$'000	Total HK\$'000
Property, plant and equipment	-	137,624	137,624
Investment properties	-	24,200	24,200
Interests in joint ventures	-	404,252	404,252
Interests in associates	81,278	385,485	466,763
Pledged deposits	344,352	-	344,352
Investments in securities	1,807,090	2,014,200	3,821,290
Reinsurance contract assets	1,225,147	-	1,225,147
Due from the immediate holding company	300,000	-	300,000
Deposits and other receivables	355,522	-	355,522
Cash and bank balances	<u>2,090,888</u>	<u>-</u>	<u>2,090,888</u>
Total assets	<u>6,204,277</u>	<u>2,965,761</u>	<u>9,170,038</u>

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(3) Liquidity risk management (continued)

31st December, 2023	Current HK\$'000	Non-current HK\$'000	Total HK\$'000
Property, plant and equipment	-	143,348	143,348
Investment properties	-	27,500	27,500
Interests in joint ventures	-	408,316	408,316
Interests in associates	83,135	371,542	454,677
Pledged deposits	341,440	-	341,440
Investments in securities	1,408,359	1,894,767	3,303,126
Reinsurance contract assets	1,256,419	-	1,256,419
Due from the immediate holding company	300,000	-	300,000
Deposits and other receivables	145,100	-	145,100
Cash and bank balances	2,144,508	-	2,144,508
Total assets	<u>5,678,961</u>	<u>2,845,473</u>	<u>8,524,434</u>

(4) Capital management

Externally imposed capital requirements are mainly set and regulated by the Hong Kong Insurance Authority (“HKIA”). The Group implemented the Risk-based Capital regime (“RBC regime”) on 1 July 2024, following the commencement of Insurance (Amendment) Ordinance 2023 and the relevant subsidiary legislation, and the promulgation of new and revised guidelines by the HKIA. The RBC regime is put in place to ensure capital requirements. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

Under the RBC regime, in accordance with the Insurance Ordinance (Cap.41) and the Valuation and Capital Rules, the capital requirement of insurers is determined by assessing their level of risk exposures and drivers. The Group ensures at all times that its capital base is not less than each of 1) the prescribed capital amount; 2) the minimum capital amount; and 3) HK\$20,000,000. The minimum capital amount is determined as 50% of the prescribed capital amount, or such other amount determined by the HKIA by way of variation or relaxation.

The Group manages its capital requirements by assessing any shortfalls between its capital base, as defined in Part 3 of the Insurance (Valuation and Capital) Rules (Cap. 41R), and the prescribed capital amount and minimum capital amount, as defined in Part 5 of the Insurance (Valuation and Capital) Rules, on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid or return capital to ordinary shareholders.

Prescribed capital amount is determined by aggregating the risk capital amounts for each risk module and sub-risk module with respect to market risk, general insurance risk, counterparty default and other risk, and operational risk, taking account of diversification benefits.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(4) Capital management (continued)

The Group fully complied with the externally imposed capital requirements of Section 10 of the Hong Kong Insurance Ordinance during the reported financial periods.

The table shows a summary of the capital adequacy position.

	As at 31 December 2024 HK\$'000
Eligible capital resources	
<i>Tier 1 capital</i>	4,640,281
<i>Tier 2 capital</i>	-
Prescribed capital requirement	1,984,362
Minimum capital requirement	<u>992,181</u>

(5) Interest rate risk management

The interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets. Interests on floating rate instruments are repriced at intervals of less than one year. Interests on fixed interest rate instruments are priced at inception of the financial instrument and fixed until maturity.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(5) Interest rate risk management (continued)

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, for interest-bearing bank deposits and fixed income securities showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

	Change in interest rate	2024		2023	
		Increase/(decrease) in profit HK\$'000	in equity* HK\$'000	Increase/(decrease) in profit HK\$'000	in equity* HK\$'000
Interest-bearing bank deposits	+50 basis points	11,681	-	11,789	-
	-50 basis points	(11,681)	-	(11,789)	-
Fixed income securities	+50 basis points	(1,334)	-	(1,219)	-
	-50 basis points	1,334	-	1,219	-
Insurance contract liability	+50 basis points	36,317	-	34,854	-
	-50 basis points	(36,881)	-	(35,423)	-
Reinsurance contract asset	+50 basis points	(15,238)	-	(14,577)	-
	-50 basis points	15,477	-	14,834	-

* Excluding retained profits

The Group manages interest rate risk primarily by matching the timing of cash flows from debt instruments with the timing of cash flows from insurance and reinsurance contracts.

The Group manages interest rate risk by closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets. The Group monitors its interest rate risk exposure through periodic reviews of asset and liability positions. Additionally, estimates of cash flows and the impact of interest rate fluctuations are modelled and reviewed every six months.

ASIA INSURANCE COMPANY, LIMITED

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(6) Foreign exchange risk management

Foreign exchange risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group's foreign exchange risk primarily arises from its overseas operations, reinsurance and investment activities.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of Thai Baht, Japanese Yen and Renminbi, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of fair value through other comprehensive income securities).

	Change in Exchange rate %	Decrease in profit before tax HK\$'000
2024		
If Thai Baht weakens against Hong Kong dollar	-5%	(516)
If Japanese Yen weakens against Hong Kong dollar	-8%	(4,403)
If Renminbi weakens against Hong Kong dollar	-7%	(7,893)
2023		
If Thai Baht weakens against Hong Kong dollar	-5%	(606)
If Japanese Yen weakens against Hong Kong dollar	-8%	(1,334)
If Renminbi weakens against Hong Kong dollar	-7%	(8,020)

* Excluding retained profits

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) Insurance risk management

The major classes of general insurance written by the Group include property damage, ships, goods in transit, pecuniary loss, accident and health, general liability, employees' compensation and motor insurances. Risks under these policies usually cover a 12-month duration.

For general insurance contracts, the most significant risks arise from natural disasters. For longer tail claims that take some years to settle, there is also inflation risk. For accident and health contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the end of the reporting period.

The provisions are refined regularly as part of an ongoing process as claims experience develops, certain claims are settled and further claims are reported.

The measurement process primarily includes projection of future claims costs through a combination of actuarial and statistical projection techniques like the Chain Ladder and Bornheutter Ferguson method calculated by an external actuary. In certain cases, where there is a lack of reliable historical data to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claims provisions are separately analysed by class of business. In addition, larger claims are usually separately assessed by loss adjusters. The claims projection assumptions are generally intended to provide the best estimate of the most likely or expected outcome.

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments may exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid which are greater than originally estimated and subsequent development of long tail claims.

Concentrations of underwriting risk

The business of the Group comprises both life and general insurance contracts, and general insurance contracts represent 99% of its total insurance revenue.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) Insurance risk management (continued)

The Group actively manages its product mix to ensure that there is no significant concentration of insurance risk.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio, as well as unexpected outcomes.

The variability of risks is also improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical area. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The majority of reinsurance business ceded is placed on both the proportional and excess of loss basis with retention limits varying by product line and territory. Excess-of-loss reinsurance is designed to mitigate the Group's net exposure to catastrophic losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the consolidated statement of financial position as reinsurance contract assets.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. The Group also considers the long-established business relationship with the reinsurers.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) Insurance risk management (continued)

The Group also has limited its exposure to a certain level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, such as hurricanes, earthquakes and flood damages. The purpose of these underwriting and reinsurance strategies is to limit the exposure to catastrophes to a pre-determined maximum amount based on the Group's risk appetite as decided by management. For a single realistic catastrophic event, this maximum amount is less than 5% of the shareholders' equity on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of the shareholders' equity.

The Group uses its own and commercially available proprietary risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an unmodelled event are greater than those arising from a modelled event.

As at 31st December, 2024, over 90% (2023: 90%) of the general insurance contracts liabilities were related to the business written in Hong Kong, Macau and Mainland China.

Sensitivities

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

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

The analysis below is performed for reasonably possible movements in average claim cost with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity, if average claim costs were changed in a single calendar year.

ASIA INSURANCE COMPANY, LIMITED

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) Insurance risk management (continued)

	2024				2023			
	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity
Insurance contract liabilities	3,959,891				3,600,416			
Reinsurance contract assets	(1,722,489)				(1,404,716)			
Net insurance contract liabilities	2,237,402				2,195,700			
Unpaid claims and expenses – 5% increase								
Insurance contract liabilities		197,995	(197,995)			180,021	(180,021)	-
Reinsurance contract assets		(86,124)	86,124			(70,236)	70,236	-
Net insurance contract liabilities		111,871	(111,871)			109,785	(109,785)	-
Expenses – 5% increase								
Insurance contract liabilities		4,648	(4,648)			4,191	(4,191)	-
Reinsurance contract assets						-	-	-
Net insurance contract liabilities		4,648	(4,648)			4,191	(4,191)	-

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) Insurance risk management (continued)

Loss development triangle

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

Reproduced below is an exhibit that shows the development of claims over a period of time on a gross and net basis.

The tables show the estimates of cumulative incurred claims, including both notified and IBNR claims, for each successive accident year at the end of each reporting period, together with cumulative claims as at 31st December, 2024.

Gross general insurance claims

	Accident year						Total
	2019	2020	2021	2022	2023	2024	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)							
At end of accident year	767,231	822,509	877,718	783,238	1,107,773	1,043,132	1,043,132
One year later	981,300	1,005,945	1,074,004	1,047,182	1,740,974	-	1,740,974
Two years later	947,929	1,070,892	1,469,697	976,247	-	-	976,247
Three years later	918,590	909,516	1,381,379	-	-	-	1,381,379
Four years later	832,203	863,897	-	-	-	-	863,897
Five years later	818,887	-	-	-	-	-	818,887
Cumulative gross claims and other directly attributable expenses paid	(676,888)	(676,858)	(644,555)	(584,170)	(533,045)	(232,553)	(3,348,069)
Gross cumulative claims liabilities - accident years from 2019 to 2024	141,999	187,039	736,824	392,077	1,207,929	810,579	3,476,447
Gross cumulative claims liabilities - prior accident years							324,135
Effect of discounting							(261,146)
Effect of the risk adjustment margin for non-financial risk							420,455
Gross LIC for the contracts originated (refer to note 20)							3,959,891

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) Insurance risk management (continued)

Loss development triangle (continued)

Net general insurance claims

	Accident year						Total HK\$'000
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Estimate of ultimate claim costs (net of reinsurance, undiscounted)							
At end of accident year	514,984	515,988	592,995	522,601	712,750	701,881	701,881
One year later	603,142	570,455	703,208	693,038	967,560	-	967,560
Two years later	562,367	608,114	989,125	592,267	-	-	592,267
Three years later	552,618	483,894	928,423	-	-	-	928,423
Four years later	505,542	457,186	-	-	-	-	457,186
Five years later	497,676	-	-	-	-	-	497,676
Cumulative net claims and other directly attributable expenses paid	(407,993)	(373,552)	(449,051)	(408,330)	(391,836)	(180,375)	(2,211,137)
Net cumulative claims liabilities - accident years from 2019 to 2024	89,683	83,634	479,372	183,937	575,724	521,506	1,933,856
Net cumulative claims liabilities - prior accident years							218,330
Effect of discounting							(152,444)
Effect of the risk adjustment margin for non-financial risk							237,660
Net LIC for the contracts originated (refer to note 15 & 20)							2,237,402

(8) Operational risk management

Operational risk is the risk of financial loss resulting from procedural errors, system failures, frauds and other events.

The Group manages operational risk by maintaining adequate documentation of its operating procedures to facilitate training and quality performance. A proper internal control system is incorporated in the operation workflow to minimize the risk of losses caused by human errors. To reduce the interruptions to business activities caused by system failures or natural disasters, back-up systems and contingency business resumption plans are in place for critical business and back-office functions. Detailed recovery procedures are properly documented, with periodic drills conducted to ensure that the procedures are current and correct.

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(9) Equity price risk management

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in securities measured at fair value through profit or loss (note 14 (c)) and equity investments at fair value through other comprehensive income (note 14(a)) as at 31st December, 2024. The Group's listed investments are mainly listed on the exchanges of Hong Kong, the United States, and Thailand and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every change of 15%, 10%, 5% and 10% in the fair values of the securities listed in Hong Kong, the United States, Thailand and all other areas, respectively, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the equity investments at fair value through other comprehensive income, the impact is recognized on the fair value reserve, which is part of equity.

	Change in sensitivity %	Carrying amount of securities before valuation adjustments HK\$'000	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2024				
Equity investments listed in:				
Hong Kong				
- Listed securities measured at fair value through profit or loss	+15%	232,384	34,858	-
	-15%	232,384	(34,858)	-
United States				
- Listed securities measured at fair value through profit or loss	+10%	293,097	29,310	-
	-10%	293,097	(29,310)	-
Thailand				
- Equity investments at fair value through other comprehensive income	+5%	761,784	-	38,089
	-5%	761,784	-	(38,089)
- Listed securities measured at fair value through profit or loss	+5%	239,963	11,998	-
	-5%	239,963	(11,998)	-
All other areas				
- Listed securities measured at fair value through profit or loss	+10%	166,013	16,601	-
	-10%	166,013	(16,601)	-

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(9) Equity price risk management

	Change in sensitivity %	Carrying amount of securities before valuation adjustments HK\$'000	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2023				
Equity investments listed in:				
Hong Kong				
- Listed securities measured at fair value through profit or loss	+15%	210,935	31,640	-
	-15%	210,915	(31,640)	-
United States				
- Listed securities measured at fair value through profit or loss	+10%	257,971	25,797	-
	-10%	257,971	(25,797)	-
Thailand				
- Equity investments at fair value through other comprehensive income	+5%	816,146	-	40,807
	-5%	816,146	-	(40,807)
- Listed securities measured at fair value through profit or loss	+5%	243,412	12,171	-
	-5%	243,412	(12,171)	-
All other areas				
- Listed securities measured at fair value through profit or loss	+10%	25,728	2,573	-
	-10%	25,728	(2,573)	-

ASIA INSURANCE COMPANY, LIMITED

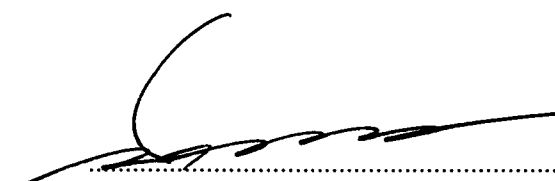
NOTES TO FINANCIAL STATEMENTS

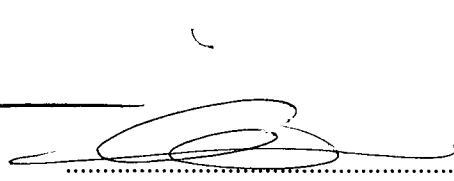
FOR THE YEAR ENDED 31st DECEMBER 2024

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31st December 2024 HK\$'000	31st December 2023 HK\$'000
ASSETS		
Property, plant and equipment	137,624	143,348
Investment properties	24,200	27,500
Interests in subsidiaries	22,659	25,397
Interests in joint ventures	426,321	426,321
Interests in associates	118,028	115,546
Pledged deposits	344,352	341,440
Investments in securities	3,750,900	3,230,475
Reinsurance contract assets	1,225,147	1,256,419
Due from the immediate holding company	300,000	300,000
Deposits and other receivables	349,011	137,431
Cash and bank balances	<u>2,081,197</u>	<u>2,134,826</u>
Total assets	<u>8,779,439</u>	<u>8,138,703</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	2,000,000	2,000,000
Reserves	<u>2,357,495</u>	<u>2,014,540</u>
Total equity	<u>4,357,495</u>	<u>4,014,540</u>
Liabilities		
Insurance contract liabilities	3,891,024	3,491,504
Accrued liabilities and other payables	283,497	471,523
Tax payable	242,592	53,558
Deferred tax liabilities	<u>4,831</u>	<u>107,578</u>
Total liabilities	<u>4,421,944</u>	<u>4,124,163</u>
Total equity and liabilities	<u>8,779,439</u>	<u>8,138,703</u>


 CHAN Bernard Charnwut
 Chairman


 WONG Chi Shun
 Executive Director &
 Chief Executive Officer

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Fair value reserve HK\$'000	Statutory reserve HK\$'000	Contingency reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31st December, 2022 and 1st January, 2023	302,304	2,427	117,033	-	10,800	1,328,629	1,761,193
Profit for the year	-	-	-	-	-	281,021	281,021
Other comprehensive income for the year:							
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	42,326	-	-	-	-	-	42,326
Total comprehensive income for the year	42,326	-	-	-	-	281,021	323,347
Transfer to contingency reserve	-	-	33,053	-	-	(33,053)	-
Release from contingency reserve	-	-	(9,581)	-	-	9,581	-
Final 2022 dividend	-	-	-	-	-	(20,000)	(20,000)
Interim 2023 dividend	-	-	-	-	-	(50,000)	(50,000)
At 31st December, 2023 and 1st January, 2024	344,630	2,427	140,505	-	10,800	1,516,178	2,014,540
Profit for the year	-	-	-	-	-	477,022	477,022
Other comprehensive income for the year:							
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	(40,067)	-	-	-	-	-	(40,067)
Total comprehensive income for the year	(40,067)	-	-	-	-	477,022	436,955
Transfer to contingency reserve	-	-	43,858	-	-	(43,858)	-
Release from contingency reserve	-	-	(11,778)	-	-	11,778	-
Final 2023 dividend	-	-	-	-	-	(60,000)	(60,000)
Interim 2024 dividend	-	-	-	-	-	(34,000)	(34,000)
At 31st December, 2024	304,563	2,427	172,585	-	10,800	1,867,120	2,357,495

ASIA INSURANCE COMPANY, LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

29. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31st December, 2024 and 2023 are as follows:

Name	Place of incorporation	Issued share capital	Percentage of equity attributable to the Company	Principal activities
<u>Directly held</u>				
Asia Insurance (Finance) Limited	Hong Kong	Ordinary HK\$25,000,000	100	Mortgage loan financing
AI Ventures Limited	Hong Kong	Ordinary HK\$1	100	Investment holding
Chamberlain Investment Limited	Republic of Liberia	Ordinary US\$100	100	Investment holding
Progressive Investment Company Limited	Hong Kong	Ordinary HK\$10,000,000	100	Property investment
<u>Indirectly held</u>				
Bedales Investment Limited	Republic of Liberia	Ordinary US\$100	100	Investment holding
		Preference US\$3,000,000	100	

30. COMPARATIVE FIGURES

The financial statements provide comparative information in respect of the previous period. Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

31. EVENTS AFTER THE REPORTING PERIOD

As disclosed in note 12 regarding to the transaction of Hong Kong Life Insurance Limited, the Group continues to seek regulatory approvals and other conditions for the sale of its interest in HKL. No significant changes in status have occurred up to the date of authorization of these financial statements.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26th March, 2025.

