BOC GROUP LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2025

BOC GROUP LIFE ASSURANCE COMPANY LIMITED

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BOC GROUP LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors are pleased to present their report together with the audited financial statements of BOC Group Life Assurance Company Limited (the "Company" or “BOC Life”) for the year ended 31 December 2025.

Principal activities

The principal activities of the Company are underwriting long term insurance business in participating business, non-participating business, linked long term business, retirement scheme management and other businesses as defined under the Insurance Ordinance in Hong Kong.

Business Review

Business performance

In 2025, the Company continued its proactive efforts to enhance insurance premium income and business quality. Focused on developing and expanding its distribution channels while driving the sales of high-value insurance products, which contributed to an increase in the standard new premium of 49.5% year-on-year to HK$25,862 million. The value of new business also increased by 36.2% to HK$4,245 million, setting a new record high. Profit before tax amounted to HK$1,821 million, compared to a profit before tax of HK$1,479 million last year. This was mainly attributable to an increase in the release of contractual service margin (“CSM”) as a result of a higher closing CSM balance primarily from new business written this year.

Strengthening Multi-Channel Advantage to Drive High-Quality Business Growth

BOC Life enhanced its product strategy across various channels and customer segments, working closely with Bank of China (Hong Kong)’s different business lines – including Private Wealth, BOC Wealth Management, Corporate Banking and Private Banking – to further expand its high-net-worth client base. The Company launched a series of customer engagement initiatives such as recapturing incentives, financial needs analysis and limited-offer sales campaigns.

BOC Life also strengthened interactions with the private banking segment by offering premium services such as higher medical examination waivers, simplified financial proof requirements and pre-underwriting assessment. Collaboration with the corporate banking and small and medium-sized enterprise teams was further reinforced through sponsorship and participation in client events to strengthen relationships.

Meanwhile, BOC Life reinforced its partnerships and business cooperation with brokers associated with Mainland Chinese banks through competitive products and quality sales support. The Company also focused on developing high-performing agency teams by attracting talents from the Chinese Mainland and top local industry professionals.

On the product front, BOC Life continued to enhance products by providing comprehensive wealth solutions and promoting cross-generational retirement planning for both caregivers and those in care. The Company introduced a range of market-first retirement financial products and services to address diverse needs, transforming retirement into a stage of enjoyment. The “IncomeJoy Lifelong Insurance Plan” provides a steady cash-income stream for retirement, and for the first time in the market, incorporates the “RetireCation Immersive Retirecation Experience”, enabling customers to embrace a new chapter in life. Another flagship initiative “Assure Together Global Whole Life Insurance Plan”, features the market-first “Assure2gether Policy Right – Mental Incapacity Benefit and Creating Enduring Power of Attorney Benefit”, empowering customers to proactively manage ageing-related risks. In addition, the protection-focused “Forever Legacy Whole Life Insurance Plan II” was launched with strengthened protection elements and underwriting flexibility to better serve cross-border and high-net-worth clients. Meanwhile, a choice of 12 Settlement Options under the “Prosperity Wealth” Advance Policy Instruction (Death Benefit Settlement Options) was rolled out across a series of products to facilitate prudent and flexible legacy planning.

Continuous Development of Elderly Care Ecosystem and Enrichment of Non-Financial Service Offerings

Through partnerships with retirement resources, BOC Life has been building elderly care business scenarios that promote retirecation and cross-border retirement solutions, strengthening our “Retirement Expert” brand leadership. Following the establishment of “Assure2gether” Alliance and the launch of “RetireCation” Experience Programme, the Company introduced a market-first innovation, featuring the “RetireCation Immersive

Business Review (continued)

Business performance (continued)

Continuous Development of Elderly Care Ecosystem and Enrichment of Non-Financial Service Offerings (continued)

Retirecation Experience" as a policy benefit under "IncomeJoy Lifelong Insurance Plan".

BOC Life also expanded the "RetireCation" Experience Programme across seven Asian markets including Japan, South Korea and Thailand, etc., covering eight cities and nine premier retirecation destinations.

The Company further fostered its cross-border retirement and healthcare collaboration under a tripartite strategic partnership with Bank of China Limited Shenzhen Branch and Shenzhen Wellbeing and Wellness Group Company Limited (a leading force in Shenzhen's health and wellness development), to develop innovative and comprehensive "Finance + Wellness" cross-border retirement solutions that integrate financial and healthcare resources.

BOC Life also broadened its cross-border healthcare services by forming strategic partnerships with leading medical and healthcare groups – C-MER Medical Holdings Limited and the GBA Healthcare Group, expanding healthcare service options for customers while promoting high-quality healthcare integration and development across the Greater Bay Area.

Outstanding Products and Services Continue to Receive Recognition, Advancing High-Quality Development

Guided by "people-centric" principle, BOC Life's product and service excellence has been widely recognised through industry awards and accolades. The Company received the "Employer of Choice Award" by Sing Tao Daily for ten consecutive years.

BOC Life received the Gold Award in the Digital Accessibility Recognition Scheme for four consecutive years in commendation of its efforts in promoting social inclusion and equality in using website and digital platforms. It was also accredited by the World Green Organisation with the Green Office and Eco-Healthy Workplace Awards (GOALS) certification, and won the 2025 Climate Action Award in recognition of BOC Life's commitment and outstanding performance in reducing carbon footprint.

In the Hong Kong Insurance Awards 2025, BOC Life was ranked among the top three in both the "Most Innovative Product/Service Award – Life Insurance" and the "Outstanding Claims Management Award – Life Insurance" categories. The Company was also named "2025 Wealth Insurer of the Year" for the second year in a row at the 10Life 5-Star Insurance Award 2025.

BOC Life received the "Bloomberg Business Financial Institution Awards 2025" organised by Bloomberg Businessweek (Chinese Edition). At the Insurance Excellence Awards 2025 hosted by the Hong Kong Economic Journal, the Company won the "Insurance Service Awards of Excellence 2025" category. Additionally, BOC Life received the "Golden Age Marketing Strategy Award (Enterprise) – Champion" at the "Smart Ageing Award 2025" organised by Golden Age Foundation.

The Company was also honoured with the "Award for Excellence in Sustainability" at the Ming Pao Awards for Excellence in Finance 2025. In the customer service area, BOC Life received Gold Award for both "Mystery Customer Assessment Award (Finance and Insurance / Brick-and-mortar) Customer Services Centre" and "Mystery Customer Assessment Award (Finance and Insurance)" at the 2025 Hong Kong Customer Contact Association (HKCCA) Awards, and earned the "Team Award – Counter Service – Gold Award" at the Hong Kong Association for Customer Service Excellence (HKACE) Award.

Future business plan

To keep with the objective of expanding growth capabilities, the Company will continue to diversify and enhance its distribution channels, broaden customer base and maintain competitive edges in product innovation, digital transformation and customer service. Bancassurance remains the key distribution model, complemented by the development of tied agency, broker and other direct channels to reach a wider spectrum of customers. Solid

Business Review (continued)

Future business plan (continued)

business performance will be conducive for the Company to support the strategy of BOC Hong Kong (Holdings) Limited in the continuous development of life insurance businesses.

Principal risks

The major types of risks arising from the Company's insurance business are insurance risk, interest rate risk, credit risk, equity and fund price risk, currency risk, liquidity risk and compliance risk. Please refer to Note 4 in the financial statements.

Environmental policies and performance

Embracing Corporate Social Responsibility ("CSR") to Create Shared Social Value and Success

BOC Life integrates sustainable development principles into its business strategies and operations, fostering a sustainability-centric corporate culture. The Company has launched a diverse range of CSR initiatives that advance sustainable development across business, environmental and social dimensions. Since 2021, BOC Life has partnered with St. James Settlement (SJS) to launch the flagship STEAM education focused "BOC Life New Generation Financial and Technology Designers' Programme", providing fully subsidised coding training and competition, benefited underprivileged students from 30 primary schools to date. In 2025, the city-wide BOC Life New Generation Financial and Technology Designers' Programme – Sustainable Smart Hong Kong" Mobile Application Design and Drawing Contest was launched for Hong Kong primary students, nurturing young talent and innovators in technology. In collaboration with the School of Business and Economics at the University of Hong Kong, BOC Life introduced the "Future Leader Scholarship Programme" to recognise outstanding students in academic and personal excellence with BOC Life scholarship. As the title sponsor of the "BOC Life Hong Kong Premier League" and "BOC Life Wild in the City Orienteering Challenge", BOC Life fosters sports development and nurturing elite players for Hong Kong, while promoting youth development in Hong Kong. BOC Life actively supports "ESG Xchange 2025: ESG for Climate Actions International Summit", engaging more than 2,000 sustainability experts and speakers from around the world, to explore critical topics and solutions related to ESG and climate change, bringing fresh perspectives and directions to sustainable development. Guided by "people-centricity" principle to promote social inclusion, BOC Life was the only company from the insurance sector won the "Triple Gold Award" at the Digital Accessibility Recognition Scheme 2024-2025, organised by Digital Policy Office of the HKSAR Government, the Hong Kong Internet Registration Corporation Limited and the Equal Opportunities Commission. The Company was also honoured with the "Brand Excellence – Outstanding Sustainability Award" at Ming Pao's Financial Awards, for four times in a row. BOC Life's outstanding products and services have received multiple industry accolades. The Company has been named the "Wealth Insurer of the Year" for two consecutive years with the "10Life 5-Star Insurance Award 2025", recognised by *Bloomberg Businessweek (Chinese Edition)* in the "Bloomberg Businessweek Financial Institution Awards 2025" for Outstanding Service Innovation in the Hong Kong Insurance Sector, and awarded the "Excellence in Cross-border Retirement Planning Services" under the "Insurance Services Awards of Excellence 2025" organised by *Hong Kong Economic Journal*.

Legal and compliance

The Company acknowledged no known non-compliance with laws and regulations that could have a material effect on the Company.

Subsequent event

No subsequent event had material impact to the Company after 31 December 2025.

Results and appropriations

The results of the Company for the year are set out in the income statement on page 10.

The Board of Directors recommended final dividend of HK$70,017,020 subject to shareholders' approval in the Annual General Meeting of the Company.

Dividend

HK$53,070,000 final dividend for the year ended 31 December 2024 was paid to the shareholders whose name appeared on the Register of Members of the Company on 31 December 2024. The dividend was paid on 26 June 2025. There is no interim dividend for 2025.

Reserves

Movements in the reserves of the Company during the year are set out on page 12.

Property and equipment

Movements in property and equipment of the Company during the year are set out in Note 5 to the financial statements.

Share capital

Share capital is set out in Note 11 to the financial statements.

Donations

Charitable and other donations made by the Company during the year amounted to HK$3,000,000 (2024: HK$500,000).

Permitted indemnity provision

Pursuant to the Articles of Association, every director shall be indemnified out of funds of the Company against all liabilities incurred by him/her to the extent permitted by the Hong Kong Companies Ordinance. Insurance has been maintained for the benefit of directors against liability which may lawfully be insured by the Company.

Directors

The directors who were in the office as at the end of the financial year and up to the date of this report are:

Mr. Sun Yu	
Mr. Xu Haifeng	
Mr. Chan Man	
Mr. Ge Chunyao	(ceased to act on 28 March 2025)
Ms. Wan Qiuhong	(appointed on 5 January 2026)
Mr. Lau Hon Chuen	
Mr. Qu Helei	
Mr. Leung Wing Lok	
Mr. Tang Chee Ping Wilson	

In accordance with Article 74 of the Company's Articles of Association, all directors are not subject to rotation of retirement.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company, its holding companies or fellow subsidiaries was a party during the year.

Directors' interests in the shares, underlying shares and debentures

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

Management contracts

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

Auditor

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



SUN Yu
Chairman

Hong Kong

20 MAR 2026

Ernst & Young
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Independent auditor's report
To the Members of BOC Group Life Assurance Company Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of BOC Group Life Assurance Company Limited (the "Company") set out on pages 8 to 113, which comprise the balance sheet as at 31 December 2025 and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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 financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

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

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

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

Responsibilities of directors and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

The engagement partner of the audit resulting in this independent auditor's report is Wong Sui Yan (practising certificate number: P06306).

Certified Public Accountants
Hong Kong
20 March 2026

BOC GROUP LIFE ASSURANCE COMPANY LIMITED
(All amounts in Hong Kong dollar unless otherwise stated)

BALANCE SHEET

	Notes	As at 31 December 2025	2024
ASSETS			
Property and equipment	5	73,202,452	83,265,260
Reinsurance contract assets	12	34,248,649,941	35,877,887,376
Insurance contract assets	12	1,948,113	1,927,727
Investment in an associate	7	-	356,520,065
Financial investments not held by unit-linked fund			
- Fair value through profit or loss ("FVTPL")	6	147,606,685,769	98,758,605,121
- Amortised cost ("AC")	6	2,034,576,015	2,203,925,881
- Fair value through other comprehensive income ("FVOCI")	6	39,728,201,701	41,068,019,280
Interest and other receivables	8	2,831,951,331	2,401,324,071
Other assets	9	177,755,357	154,720,942
Deferred tax assets	15	1,905,927,360	994,625,279
Derivative financial assets	6	38,214,361	48,399,247
Cash and bank	10	10,870,258,735	8,912,415,809
Segregated unit-linked fund assets			
- Financial assets mandatorily measured at FVTPL	6	524,772,495	430,326,735
- Other receivables	8	24,188	22,293
- Cash and bank	10	835,806	722,415
Total assets		240,043,003,624	191,292,707,501
EQUITY			
Share capital	11	3,538,000,000	3,538,000,000
Reserves		(826,199,229)	(2,055,866,764)
Retained earnings		6,814,618,065	5,059,848,481
Total equity		9,526,418,836	6,541,981,717

BALANCE SHEET (continued)

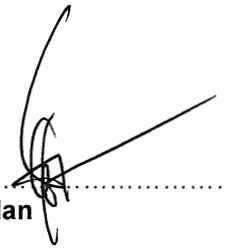
	Notes	As at 31 December 2025	2024
LIABILITIES			
Insurance contract liabilities	12	226,144,336,012	180,108,456,984
Reinsurance contract liabilities	12	5,590,256	29,014,161
Trade payables and other liabilities	13	1,094,858,070	956,197,132
Borrowings	14	2,076,857,552	3,305,461,391
Current tax liabilities		965,535,605	140,939,497
Derivative financial liabilities	6	229,407,293	210,656,619
Total liabilities		230,516,584,788	184,750,725,784
Total equity and liabilities		240,043,003,624	191,292,707,501

The notes on pages 15 to 113 are an integral part of these financial statements.

Approved by the Board of Directors on 20 March 2026 and signed on behalf of the Board by:



.....
SUN Yu
Director



.....
CHAN Man
Director

BOC GROUP LIFE ASSURANCE COMPANY LIMITED
(All amounts in Hong Kong dollar unless otherwise stated)

INCOME STATEMENT

	Notes	Year ended 31 December 2025	2024
Insurance revenue	16	3,385,352,080	2,693,697,160
Insurance service expenses	21	(1,838,852,232)	(1,635,368,703)
Net income from reinsurance contracts held		262,645,644	272,589,793
Insurance service result		1,809,145,492	1,330,918,250
Interest income			
-Interest income calculated using the effective interest method		1,780,547,477	2,141,009,586
-Others		3,564,373,320	2,999,117,898
Interest expenses		(1,664,408)	(19,598,008)
Other investment income/(losses)		8,365,727,598	(2,603,149,994)
Net investment income	17	13,708,983,987	2,517,379,482
Finance expenses from insurance contracts issued	18	(15,797,211,102)	(2,192,859,993)
Finance income from reinsurance contracts held	18	2,278,963,944	53,459,094
Net insurance finance expenses		(13,518,247,158)	(2,139,400,899)
Net insurance and investment result		1,999,882,321	1,708,896,833
Other operating income	20	7,823,446	10,742,854
Management and operating expenses	22	(100,958,472)	(102,010,080)
Other finance costs	24	(88,801,708)	(160,677,893)
Share of results of an associate	7	3,380,656	22,377,347
Profit before taxation		1,821,326,243	1,479,329,061
Taxation	25	(13,486,659)	(88,037,676)
Profit for the year		1,807,839,584	1,391,291,385

The notes on pages 15 to 113 are an integral part of these financial statements.

BOC GROUP LIFE ASSURANCE COMPANY LIMITED
(All amounts in Hong Kong dollar unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2025	2024
Profit for the year		1,807,839,584	1,391,291,385
Other comprehensive income:			
Items that will not be reclassified subsequently to the income statement:			
Change in fair value on equity instruments designated at FVOCI		5,055,706	6,747,288
Taxation related to the above	15	(834,191)	(399,044)
Total that will not be reclassified subsequently to the income statement		4,221,515	6,348,244
Items that may be reclassified subsequently to the income statement:			
Finance expenses from insurance contracts issued	18	(162,369,991)	(1,721,546,491)
Finance (expenses)/income from reinsurance contracts held	18	(128,942,823)	537,101,504
Deferred taxation related to the above	15	48,066,614	195,433,423
Debt instruments at FVOCI			
- Change in fair value		1,339,119,323	(2,246,466)
- Release upon disposals		256,824,297	122,645,398
- Change in allowance for expected credit losses ("ECLs")		(13,805,686)	(1,389,819)
- Taxation related to the above	15	(113,595,082)	(34,739,463)
Currency translation difference		149,368	(128,854)
Total that will be reclassified subsequently to the income statement		1,225,446,020	(904,870,768)
Other comprehensive income for the year, net of tax		1,229,667,535	(898,522,524)
Total comprehensive income for the year		3,037,507,119	492,768,861

The notes on pages 15 to 113 are an integral part of these financial statements.

BOC GROUP LIFE ASSURANCE COMPANY LIMITED
(All amounts in Hong Kong dollar unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				
	Share capital	Insurance finance reserve	Fair value reserves	Retained earnings	Total
As at 1 January 2025	**3,538,000,000**	**2,220,483,493**	**(4,276,350,257)**	**5,059,848,481**	**6,541,981,717**
Profit for the year	-	-	-	1,807,839,584	1,807,839,584
Other comprehensive income					
- Finance expenses from insurance contracts issued, net of tax	-	(135,578,943)	-	-	(135,578,943)
- Finance expenses from reinsurance contracts held, net of tax	-	(107,667,257)	-	-	(107,667,257)
- FVOCI financial instruments, net of tax	-	-	1,472,764,367	-	1,472,764,367
- Currency translation difference	-	-	149,368	-	149,368
Total other comprehensive income	-	(243,246,200)	1,472,913,735	-	1,229,667,535
Total comprehensive income	-	(243,246,200)	1,472,913,735	1,807,839,584	3,037,507,119
Dividends	-	-	-	(53,070,000)	(53,070,000)
As at 31 December 2025	**3,538,000,000**	**1,977,237,293**	**(2,803,436,522)**	**6,814,618,065**	**9,526,418,836**

The notes on pages 15 to 113 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company				Total
	Share capital	Insurance finance reserve	Fair value reserves	Retained earnings	
As at 1 January 2024	**3,538,000,000**	**3,209,495,057**	**(4,366,839,297)**	**3,718,584,416**	**6,099,240,176**
Profit for the year	-	-	-	1,391,291,385	1,391,291,385
Other comprehensive income					
- Finance expenses from insurance contracts issued, net of tax	-	(1,437,491,320)	-	-	(1,437,491,320)
- Finance income from reinsurance contracts held, net of tax	-	448,479,756	-	-	448,479,756
- FVOCI financial instruments, net of tax	-	-	90,617,894	-	90,617,894
- Currency translation difference	-	-	(128,854)	-	(128,854)
Total other comprehensive income	-	(989,011,564)	90,489,040	-	(898,522,524)
Total comprehensive income	-	(989,011,564)	90,489,040	1,391,291,385	492,768,861
Dividends	-	-	-	(50,027,320)	(50,027,320)
As at 31 December 2024	**3,538,000,000**	**2,220,483,493**	**(4,276,350,257)**	**5,059,848,481**	**6,541,981,717**

The notes on pages 15 to 113 are an integral part of these financial statements.

BOC GROUP LIFE ASSURANCE COMPANY LIMITED
(All amounts in Hong Kong dollar unless otherwise stated)

CASH FLOW STATEMENT

	Notes	Year ended 31 December 2025	2024
Net cash flows generated from operating activities	27	3,445,525,667	4,305,978,647
Cash flows used in investing activities			
Purchases of items of property and equipment	5	(3,388,124)	(10,276,995)
Purchases of items of intangible assets	9	(43,219,837)	(46,116,846)
Addition of investment in an associate	7	(31,756,085)	(25,221,467)
Net cash used in investing activities		(78,364,046)	(81,615,308)
Cash flows (used in)/generated from financing activities			
Payment of lease liabilities		(37,823,120)	(42,562,051)
Proceeds from new borrowings		3,717,814,000	3,869,244,000
Repayment of borrowings		(4,938,262,660)	(3,408,677,898)
Interest payment of borrowings		(96,361,740)	(163,769,389)
Dividend paid to equity holders	26	(53,070,000)	(50,027,320)
Net cash flows (used in)/generated from financing activities		(1,407,703,520)	204,207,342
Net changes in cash and cash equivalents		1,959,458,101	4,428,570,681
Cash and cash equivalents at beginning of year		8,908,532,701	4,479,962,020
Cash and cash equivalents at the end of year (before allowance for ECLs)		10,867,990,802	8,908,532,701

Reconciliation:

	Year ended 31 December 2025	2024
Cash at bank and other financial institutions	8,990,460,465	5,571,517,226
Short-term bank deposits	1,876,694,531	3,336,288,060
Segregated unit-linked assets		
Cash and cash equivalents	835,806	722,415
Cash in hand	-	5,000
Total (before allowance for ECLs)	10,867,990,802	8,908,532,701

The notes on pages 15 to 113 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 General information

BOC Group Life Assurance Company Limited (the "Company") underwrites life insurance risks, such as those associated with death, disability, health and retirement. All these products are offered to domestic market only. The Company operates in Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 13/F and Suites 1705 – 1712 17/F, 1111 King's Road, Taikoo Shing, Hong Kong.

The Company is controlled by BOC Hong Kong (Holdings) Limited (incorporated in Hong Kong). The ultimate parent of the Company is the State Council of the People's Republic of China ("PRC") Government through China Investment Corporation ("CIC").

These financial statements are presented in Hong Kong dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 20 March 2026.

2 Material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with HKFRS Accounting Standards (which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance. The financial statements are presented in Hong Kong Dollars. They have been prepared under the historical cost convention except for certain financial assets and financial liabilities measured at fair value and insurance contracts and reinsurance contracts held measured on a current value basis as explained in Note 2.11 and Note 3.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical estimates. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements, are disclosed in Note 3.

The Company disposed the sole subsidiary during 2024. There was no purchase and sale transaction of investment in subsidiary for the year ended 31 December 2025 and no subsidiary is controlled by the Company for the year ended 31 December 2025. Therefore, the financial statements for the year ended 31 December 2025, including the comparatives, are prepared on singleton level, instead of consolidated level. Certain comparative figures have been modified to align with the current period's presentation.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Amendment that is initially adopted for the financial year beginning on 1 January 2025

The Company has adopted amendments to HKAS 21 Lack of Exchangeability for the first time in current year's financial statements. The amendments have no impact on the Company's financial statements. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

(b) Issued but not yet effective HKFRS Accounting Standards

The Company has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Company intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

Standards/Amendments/Interpretation	Content	Applicable for financial years beginning on/after
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards – Volume 11*	1 January 2026
HKFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
HK Int 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	1 January 2027
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Issued but not yet effective HKFRS Accounting Standards (continued)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Company is described below.

- Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments 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 material impact on the Company's financial statements.

- Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any material impact on the Company's financial statements.

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

  - HKFRS 1 First Time Adoption of Hong Kong Financial Reporting Standards: The amendments update the wordings in paragraph B6 regarding "qualifying criteria" and added cross-references to HKFRS 9 in paragraphs B5 and B6 to improve the consistency with the requirements of HKFRS 9 and understandability of HKFRS 1 related to hedge accounting. The amendments are not expected to have any material impact on the Company's financial statements.

  - HKFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Issued but not yet effective HKFRS Accounting Standards (continued)

clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any material impact on the Company's financial statements.

- HKFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any material impact on the Company's financial statements.

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

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

- HKFRS 18 Presentation and Disclosure in Financial Statements 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 HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Company is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Company's financial statements.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Issued but not yet effective HKFRS Accounting Standards (continued)

- The references in Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause have been updated to reflect the requirements in HKFRS 18. The Company is currently analysing the new requirements and assessing the impact on the presentation and disclosure of the Company's financial statements.

- 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. Early adoption is permitted. The application of the amendments are not expected to have any material impact on the Company's financial statements.

2 Material accounting policies (continued)

2.2 Associates

An associate is the entity over which the Company has significant influence but not control or joint control, generally accompanying of between 20% and 50% of the voting rights.

Investment in an associate is accounted for using the equity method of accounting and are initially recognised at cost, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The Company's investment in an associate includes goodwill, net of accumulated impairment loss and any related accumulated foreign currency translation difference.

The Company's share of the post-acquisition profits or losses of associates is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses unless the Company has incurred obligations or made payments on behalf of the associates.

Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the income statement or retained earnings, where appropriate.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or exchange rates at the end of the reporting period for items that are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions using the exchange rates prevailing at the dates of the transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies translated at the exchange rate at the end of the reporting period are recognised in the income statement and the statement of comprehensive income.

Translation differences on monetary securities held at FVTPL are reported as part of the fair value gain or loss. Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in the AC of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the AC are recognised in the income

2 Material accounting policies (continued)

2.3 Foreign currency translation (continued)

(b) Transactions and balances (continued)

statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equities held at FVTPL, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets that are designated as FVOCI are included in other comprehensive income.

2.4 Property and equipment

Property and equipment (including right-of-use assets arising from leases over leasehold land) and other right-of-use assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition and installation of the items.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The item is stated at cost less impairment until it begins to generate economic benefits, then the item is subsequently measured according to the measurement basis of its respective assets class. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred or provided for.

Depreciation is calculated on the straight-line method to write down the cost of such assets over their estimated useful lives as follows:

Owned assets	
Leasehold improvements	Up to lease period
Computer equipment	3 – 10 years
Office furniture and equipment	2 – 15 years
Motor vehicle	8 years
Right-of-use asset	
Properties	Shorter of useful lives and lease terms

Work-in-progress is not subject to depreciation until it is in use.

The useful lives of assets are reviewed, and adjusted if appropriate, as at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined as the difference between the net disposal proceeds and the carrying amount, relevant taxes and expenses. These are recognised in the income statement on the date of disposal.

2.5 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned and controlled by the Company, mainly computer application software. Intangible assets are stated at acquisition cost less accumulated amortisation and impairment.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives

2 Material accounting policies (continued)

2.5 Intangible assets (continued)

are amortised from the date they are available for use and their estimated useful lives are as follows:

- Capitalised computer application software: 3 to 5 years
- Work-in-progress is not subject to amortisation until it is in use
- Both the period and method of amortisation are reviewed annually

Gains or losses on disposals are determined as the difference between the net disposal proceeds and the carrying amount, relevant taxes and expenses. These are recognised in the income statement on the date of disposal.

The value of intangible assets is reviewed for impairment at each financial reporting date or tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment of intangible assets with indefinite useful life are tested for impairment annually.

2.6 Financial assets

Management determines the classification of the financial assets at initial recognition.

2.6.1 Classification and measurement

The Company classifies its financial assets into three measurement categories which are FVTPL, AC and FVOCI at initial recognition. The classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments, or the election of fair value option. All financial assets are initially recognised at fair value. Except for financial assets carried at FVTPL, all transaction costs of financial assets are included in their initial carrying amounts.

(a) Financial assets at FVTPL

This category has two sub-categories: financial assets designated at FVTPL at inception and financial assets mandatorily required to be measured at FVTPL, including those held for trading.

A financial asset which has been acquired or incurred principally for the purpose of selling in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking is classified as held for trading.

A financial asset, other than those held for trading financial assets include derivatives that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9 or otherwise mandatorily measured at FVTPL, will be designated as a financial asset at FVTPL, if it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring the financial assets or recognising the gains and losses on them on different bases, and is so designated by the Management.

These assets are initially recognised at fair value, with transaction costs directly recognised to the income statement, and are subsequently remeasured at fair value.

2 Material accounting policies (continued)

2.6 Financial assets (continued)

2.6.1 Classification and measurement (continued)

(a) Financial assets at FVTPL (continued)

Gains and losses from changes in the fair value of such assets (excluding the interest component) are reported in other investment income/(loss) in the income statement. The interest component, i.e. the interest accrual which is calculated using the coupon rate, is reported in other interest income in the income statement. Dividends on equity instruments of this category, which are generally determined at the amounts to be distributed by the investees, are also recognised in other investment income/(loss) in the income statement when the Company's right to receive payment is established.

(b) Financial assets at AC

Financial assets are classified as subsequently measured at AC if both of the following conditions are met: (i) the financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows ("hold-to-collect" business model), and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates. They are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at AC using the effective interest method less allowances for impairment losses. Interest income which includes the amortisation of premium or discount is calculated using the effective interest method and is recognised in the income statement. Any gains or losses are recognised in other investment income/(loss) in the income statement when the asset is derecognised, modified or impaired.

(c) Financial assets at FVOCI

Debt instruments are classified as subsequently measured at FVOCI if both of the following conditions are met: (i) the financial assets are held within a business model with the objective of both holding to collect contractual cash flows and selling, and (ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Financial assets at FVOCI are initially recognised at fair value plus any directly attributable transaction costs, and are subsequently measured at fair value. Unrealised gains or losses arising from changes in the fair value of the financial assets are recognised directly in other comprehensive income, except impairment allowances and interest income are recognised in the income statement. Interest income includes the amortisation of premium and discount which is calculated using the effective interest method. When the financial asset is derecognised the accumulated gain or loss previously recognised in equity should be transferred to the income statement.

For an equity investment that is not held for trading and meets the definition of an equity instrument from the issuer's perspective, an irrevocable election can be made at initial recognition to recognise unrealised and realised fair value gains or losses in other comprehensive income without subsequent reclassification of fair value gains or losses to the income statement even upon disposal. Dividends on equity instruments designated at FVOCI, except for those clearly represent a recovery of part of the cost of the investments, are recognised in other investment income/(loss) in the income statement when the Company's right to receive payment is established. Equity instruments designated at FVOCI are not subject to impairment assessment.

The treatment of translation differences on FVOCI securities is dealt with in Note 2.3.

2 Material accounting policies (continued)

2.6 Financial assets (continued)

2.6.2 Recognition and derecognition

Regular-way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or where they are transferred and the Company has transferred substantially all risks and rewards of ownership of the assets.

2.7 Financial liabilities

The Company classifies its financial liabilities under the following categories: at FVTPL (held for trading or designated) and at AC. All financial liabilities are classified at initial recognition and initially measured at fair value, and in the case of financial liabilities at AC, minus transaction costs.

Held for trading financial liabilities include derivatives that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. They are measured at fair value and any gains and losses from changes in fair value are recognised in the income statement.

Financial liabilities at AC include trade payables and other liabilities and borrowings that are subsequently measured at AC using the effective interest method. Gains and losses are recognised in the income statement when the financial liabilities are derecognised.

All financial liabilities are derecognised from the balance sheet when and only when the obligation specified in the contract is discharged, cancelled or expires.

2 Material accounting policies (continued)

2.8 Impairment of financial assets

The Company recognises a loss allowance for ECLs on the following items:

- financial assets measured at AC; and
- debt securities and structured notes measured at FVOCI.

Financial assets measured at FVTPL and equity instruments designated at FVOCI are not subject to the ECL assessment.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The expected cash shortfalls are discounted. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Company will account for ECLs within the next 12 months as Stage 1 when those financial instruments are initially recognised; and to recognise lifetime ECLs as Stage 2 when there have been significant increases in credit risk since initial recognition. Lifetime ECLs will be recognised for credit-impaired financial instruments as Stage 3 if the future cash flows of those financial instruments are adversely affected by one or more events and interest income will then be accrued net of the impairment amount of the respective Stage 3 financial assets.

In assessing whether the credit risk of a financial instrument (including low credit risk assets which are mainly investment grade investments) has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. This presumption is rebutted because a financial asset with contractual payments past due more than 30 days alone does not necessarily representing a significant increase in credit risk.

In assessing whether credit risk has increased significantly since initial recognition, the following information is taken into account collectively:

- failure to make payments of principal or interest 30 days after their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and

2 Material accounting policies (continued)

2.8 Impairment of financial assets (continued)

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. Generally, a significant increase in credit risk is assessed on an individual instrument basis as described above. However, if the Company identifies a key driver that is not considered in the individual assessment on a timely basis, then the Company will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to the whole or part of a portfolio. This may lead to the Company concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

The Company considers that a financial instrument is in default when (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising securities (if any is held); or (ii) the financial asset is 90 days past due. The Company considers on an individual basis both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

ECLs are remeasured at the end of each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in the income statement. The Company recognises an impairment gain or loss for all relevant financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI, for which the loss allowance is recorded in the other comprehensive income and accumulated in reserves (fair value reserve) does not reduce the carrying amount of the financial asset in the balance sheet.

When a financial asset is uncollectable, it is written off against the related allowance for impairment losses. Although the Company expects no significant recovery from the amounts written off, the financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due. Subsequent recoveries of amounts previously written off decrease the net amount of impairment losses in the income statement.

2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date which a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and through the use of valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.10 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts

(a) Classification

The Company issues insurance contracts which are contracts that transfer significant insurance risk and may also transfer financial risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur and if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The Company classified contracts that fall into Retirement Scheme Management Category I in accordance with Schedule 1 – Classes of Insurance Business specified in the Insurance Ordinance as investment contracts. Due to the contractual discretion of the Company over the investment return to the policyholders, these investment contracts contain a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

(i) that are likely to be a significant portion of the total contractual benefits;
(ii) whose amount or timing is contractually at the discretion of the Company; and
(iii) that are contractually based on realised and/or unrealised investment returns on a specified pool of assets held by the Company.

The Company does not have any investment contracts without DPF.
A contract with direct participation features ("direct participating contract") is defined by the Company as one which, at inception, meets the following criteria:

(i) the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
(ii) the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
(iii) the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Certain insurance contracts and investment contracts with DPF of the Company are contracts with direct participation features where substantially investment-related service is provided to the policyholders, and their underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Company's policy is to hold such investment assets and account for these groups of contracts using the variable fee approach ("VFA").

All references to insurance contracts in these financial statements apply to insurance contracts issued and investment contracts with DPF issued, unless specifically stated otherwise.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(b) Recognition

A group of insurance contracts issued is initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Investment contracts with DPF are initially recognised at the date the Company becomes a party to the contract.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the group. When contracts individually meet the recognition criteria after the reporting date, they are added to the group in the reporting period in which they meet the recognition criteria, subject to the 'annual cohort' restriction. Composition of the groups is not reassessed subsequently.

(c) Contract modification and derecognition

An insurance contract is derecognised when:

(i) it is extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
(ii) the contract is modified as a result of an agreement with the counterparties or due to a change in regulations and would have changed the accounting for the contract significantly had the new terms always existed. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

(d) Level of aggregation

The Company has defined portfolios of insurance contracts issued based on its product lines, where each product line includes contracts that are subject to similar risks and managed together. 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 cohort) 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 reassessed.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(e) Fulfilment cash flows ("FCF")

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of these amounts.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. This term of "present value of future cash flows" includes all items related to balances such as payables, receivables and policy loans.

FCF denominated in foreign currencies

A group of contracts, including the contractual service margin ("CSM") where applicable, is treated as a monetary item when applying HKAS 21. For multi-currency groups of contracts, the Company considers its group of contracts as being denominated in a single currency (the "group currency"). The effects of changes in the exchange rates between the original currency and the group currency are accounted for as changes in financial risk applying HKFRS 17.

The foreign exchange differences arising from translating the group currency to the functional currency applying HKAS 21 are recognised in profit or loss (or other comprehensive income where applicable) and presented within insurance finance income or expenses.

(f) Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

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 Company can compel the policyholders to pay the premiums or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

(i) the Company 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
(ii) both of the following criteria are satisfied;
  (i) the Company 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 related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk; are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts are recognised when those contracts meet the recognition criteria.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(g) Insurance acquisition cash flows ("IACF")

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

(i) costs directly attributable to individual contracts and groups of contracts; and
(ii) cost directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

(h) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills insurance contracts.

(i) Initial measurement – Groups of contracts not measured under the premium allocation approach ("PAA")

CSM

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income arising from:

(i) the initial recognition of the FCF;
(ii) cash flows arising from the contracts in the group at that date.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established at the amount of loss recognised.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(j) Subsequent measurement – Groups of contracts not measured under the PAA

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

(i) the liabilities for remaining coverage ("LRC"), comprising the FCF related to future service allocated to the group at that date and the CSM of that group at that date; and
(ii) the liabilities for incurred claims ("LIC"), comprising the FCF related to past service allocated to the group at the reporting date.

(k) Changes in FCF

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

(i) changes that relate to current or past service are recognised in profit of loss; and
(ii) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC.

For insurance contracts under the general measurement model ("GMM"), the following adjustments relate to future service and thus adjust the CSM:

(i) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as IACF and premium-based taxes;
(ii) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
(iii) differences between any investment component and loan to policyholder expected to become payable in the period and the actual investment component and the actual loan to policyholder that becomes payable in the period, determined by comparing (i) the actual investment component and loan to policyholder that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
(iv) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (i), (ii) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

(i) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
(ii) changes in the FCF relating to the LIC;

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(k) Changes in FCF (continued)

(iii) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as IACF and premium-based taxes; and
(iv) experience adjustments relating to insurance service expenses (excluding IACF).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

(i) changes in the amount of the Company's share of the fair value of the underlying items; and
(ii) changes in the FCF that do not vary based on the returns of underlying items:

1. changes in the effect of the time value of money and financial risks not arising from the underlying items including the effect of financial guarantees;
2. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as IACF and premium-based taxes;
3. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
4. differences between any investment component and loan to policyholder expected to become payable in the period and the actual investment component and the actual loan to policyholder that becomes payable in the period, determined by comparing (i) the actual investment component and loan to policyholder that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
5. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (2)-(5) are measured using the current discount rates.

For the insurance contracts with cash flows that vary based on the returns on any financial underlying items, the Company applies risk-neutral measurement techniques. Stochastic modelling is applied for insurance contracts with significant financial options and guarantees to estimate the expected present value. A large number of possible economic scenarios for market variables such as interest rates and equity returns are considered using risk neutral approach and consistent with market observable price.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(k) Changes in FCF (continued)

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

(i) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
(ii) changes in the FCF that do not vary based on the returns of underlying items:

1. changes in the FCF relating to the LIC;
2. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as IACF and premium-based taxes; and
3. experience adjustments relating to insurance service expenses (excluding IACF).

Certain investment type insurance products that are measured under the GMM and provide the Company with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as relating to future service and accordingly adjusts the CSM. At inception of such contracts, the Company specifies its commitment as crediting interest to the policyholder's account balance based on the return on a pool of assets less a spread. The effect of discretionary changes in the spread on the FCF adjusts the CSM, while the effect of changes in assumptions that relate to financial risk on this commitment are reflected in insurance finance income or expenses.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(l) Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

(i) expected incurred claims and other directly attributable expenses for the period;
(ii) changes in the risk adjustment for non-financial risk for the risk expired; and
(iii) finance (expenses)/income from insurance contracts issued.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

(m) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for group life insurance contracts, because each of these contracts has a coverage period of one year or less.

IACF allocated to a group are deferred and recognised over the coverage period of contracts in a group.

On initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and the derecognition of any other relevant pre-recognition cash flows.

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

(i) the LRC; and
(ii) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

At each of the subsequent reporting dates, the LRC is:

(i) increased for premiums received in the period;
(ii) decreased for IACF paid in the period;
(iii) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
(iv) increased for the amortisation of IACF in the period recognised as insurance service expenses.

The LRC calculated as such is treated as the LRC without loss component for the onerous group of insurance contracts measured under the PAA.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(m) Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)

The Company does not adjust the LRC for insurance contracts issued for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

For contracts measured under the PAA, future cash flows relating to incurred claims and claims handling expenses are not adjusted for the time value of money as these contracts typically have a settlement period of less than one year.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised.

In subsequent periods, the loss component is remeasured at each reporting date in the same way as that for its initial recognition, being the difference between the current estimates of the FCF that relate to the remaining coverage and the carrying amount of the LRC without loss component, subject to minimum of zero. The changes in the amount of loss component are recognised within the insurance service expenses.

(n) Reinsurance contracts held

Portfolios of reinsurance contract held are assessed for aggregation separately from portfolios of insurance contract issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contract held concluded within a calendar year (annual cohort) into groups of:

(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis.

Reinsurance contracts held are recognised as follows:

(i) a group of reinsurance contracts held that provide proportionate coverage is recognised at the later of:
    1. the beginning of the coverage period of the group of reinsurance contracts held; and
    2. the initial recognition of any underlying insurance contract;

(ii) all other groups of reinsurance contracts held are recognised from the earlier of the following:
    1. the beginning of the coverage period of the group of reinsurance contracts held; and
    2. the date an onerous group of underlying insurance contracts applying Note 2.11 (b), if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(n) Reinsurance contracts held (continued)

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

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

Group of reinsurance contracts held measured under the GMM

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or in addition of onerous underlying insurance contracts to that group. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts discussed in the Onerous contracts – Loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(n) Reinsurance contracts held (continued)

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

(i) the remaining coverage, comprising:
   1. the FCF related to future service allocated to the group at that date; and
   2. the CSM of the group at that date; and

(ii) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Group of reinsurance contracts held measured under the PAA

For certain groups of reinsurance contracts held that are eligible for the PAA, the Company applies necessary simplifications in measuring the assets for remaining coverage ("ARC") by reference to the measurement of the LRC for contracts issued under the PAA as well as taking into account of the specifics of reinsurance contracts held, for example, the ARC under the PAA does not contain a CSM, and the reinsurance contracts held cannot be onerous.

(o) CSM measurement at each reporting period end

For insurance contracts issued under the GMM, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

(i) The effect of any new contracts added to the group.
(ii) Interest accreted on the carrying amount of the CSM.
(iii) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
(iv) The effect of any currency exchange differences.
(v) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

For insurance contracts issued under the VFA, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

(i) The effect of any new contracts added to the group.
(ii) The change in the amount of the entity's share of the fair value of the underlying items, except to the extent that
   1. Calculations related to risk mitigation applies;
   2. The decrease in the amount of the entity's share of the fair value of the underlying items exceeds the carrying amount of the CSM, giving rise to a loss; or
   3. The increase in the amount of the entity's share of the fair value of the underlying items reverses the amount in 1.
(iii) The changes in FCF relating to future service except to the extent that:
   1. Calculations related to risk mitigation applies;
   2. Such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or
   3. Such decreases in the FCF are allocated to the loss component of the LRC.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(o) CSM measurement at each reporting period end (continued)

(iv) The effect of any currency exchange differences.
(v) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

(p) Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA. The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Company expects these amounts to include an investment return that is achieved by the Company by performing investment activities to generate that investment return.

(q) Insurance Revenue and Expenses

Insurance revenue reflects the consideration to which the Company expects to be entitled in exchange for the services provided on an earned basis.

For insurance contracts measured under the GMM and the VFA, claims and other directly attributable expenses as expected at the beginning of the reporting period and does not include experience adjustments relating to these amounts (insurance service expenses) that arise during the reporting period are recognised as insurance revenue.

However, experience adjustments arising from premium receipts that do not relate to future services and related cash flows are included in insurance revenue.

For insurance contracts measured under the PAA, expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used.

For insurance contracts measured under the GMM and the VFA, on initial recognition of a group of contracts, the allocated IACF decrease the CSM and are thus implicitly deferred within the CSM, leading to a lower amount of CSM amortisation recognised in revenue in future reporting periods as services are rendered. For presentation purposes, directly attributable acquisition costs allocated to a group of contracts are amortised as an insurance service expense in a systematic way on the basis of coverage unit.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(q) Insurance Revenue and Expenses (continued)

Only items that reflect insurance service expenses (that is, incurred claims and other insurance service expenses arising from insurance contracts that the Company issues) are reported as insurance expenses. Repayment of non-distinct investment components is not presented as an insurance expense but rather as a settlement of an insurance liability.

For insurance contracts issued, a portion of the risk adjustment for non-financial risk relating to the LRC is recognised in insurance revenue as the risk is released, while a portion relating to the LIC is recognised in insurance service expenses.

HKFRS 17 allows options in presenting income or expenses from reinsurance contracts held, other than insurance finance income or expenses. The Company elected to present a single net amount in net expenses from reinsurance contracts held.

(i) Insurance revenue

As the Company 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 Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

Amounts relating to the changes in the LRC:

a. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
   - amounts allocated to the loss component;
   - repayments of investment components;
   - amounts of transaction-based taxes collected in a fiduciary capacity;
   - insurance acquisition expenses; and
   - amounts related to the risk adjustment for non-financial risk (see (b));
b. changes in the risk adjustment for non-financial risk, excluding:
   - changes that relate to future coverage (which adjust the CSM); and
   - amounts allocated to the loss component;
c. amounts of the CSM recognised for the services provided in the period;
d. experience adjustments – arising from premiums received in the period other than those that relate to future service; and
e. and the recovery of IACF which is determined by allocating a portion of the premium that relates to recovering those cash flows over the coverage period in a systematic way on the basis of the passage of time.

For contracts measured under the PAA, insurance revenue is an allocation of total expected premium to each period of coverage on the basis of the passage of time.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(q) Insurance Revenue and Expenses (continued)

(ii) Insurance service expenses

Insurance service expenses include the following:
a. incurred claims and benefits;
b. other incurred directly attributable expenses;
c. IACF 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 not measured under the PAA, amortisation of IACF is reflected in insurance service expenses in the same amount as IACF recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of IACF is based on the passage of time.

(iii) Net income (expenses) from reinsurance contracts held

The Company 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;
c. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
d. effect of changes in the risk of reinsurers' non-performance; and
e. loss recovery amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts;
    ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
    iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(q) Insurance Revenue and Expenses (continued)

(iii) Net income (expenses) from reinsurance contracts held (continued)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

a. claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   - amounts allocated to the loss-recovery component;
   - repayments of investment components; and
   - amounts related to the risk adjustment for non-financial risk (see (b));
b. changes in the risk adjustment for non-financial risk, excluding:
   - changes that relate to future coverage (which adjust the CSM); and
   - amounts allocated to the loss-recovery component;
c. amounts of the CSM recognised for the services received in the period; and
d. experience adjustments – arising from premiums paid in the period other than those that relate to future service.

(iv) Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of the groups of insurance contracts arising from the effect of the time value of money financial risk and changes therein, and the effect of movements in exchange rates. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

2 Material accounting policies (continued)

2.11 Insurance and investment contracts (continued)

(q) Insurance Revenue and Expenses (continued)

(iv) Insurance finance income or expenses (continued)

For contracts measured under the GMM with other comprehensive income option, disaggregates insurance finance income or expenses for the period to include in profit or loss an amount determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are the effect of changes in interest rates and other financial assumptions.

2.12 Current and deferred income taxes

Tax expenses for the period comprise current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is also recognised in other comprehensive income. Income tax payable on profits, based on the applicable tax law enacted or substantially enacted at the end of the reporting period in each jurisdiction where the Company operates and generates taxable income, is recognised as a current income tax expense in the period in which profits arise.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full on all taxable temporary differences. Deferred tax assets are recognised on deductible temporary differences, the carry forward of any unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax is charged or credited in the income statement except for deferred income tax relating to fair value remeasurement of securities at FVOCI and revaluation of premises which are charged or credited to other comprehensive income, in which case the deferred income tax is also credited or charged to other comprehensive income and is subsequently recognised in the income statement or in the statement of comprehensive income together with the realisation of the deferred gain and loss.

2 Material accounting policies (continued)

2.13 Employee benefits

(a) Pension obligations

The Company joined a mandatory provident fund scheme (the "MPF Scheme") established under the Hong Kong Mandatory Provident Fund Ordinance. Contributions to the MPF Scheme are charged to the income statement as incurred in accordance with the rules of the scheme and are reduced by the voluntary contributions forfeited by those employees who leave the scheme prior to vesting fully in the voluntary contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company has no further payment obligations once the contributions have been paid. The assets of the MPF scheme are held separately from those of the Company in an independently administered fund.

(b) Employee leave entitlements

Employee entitlements to annual leave and sick leaves are recognised when they accrue to employees. A provision is made for the estimated liability for unused annual leave and the amount of sick leave expected to be paid as a result of services rendered by employees up to the end of the reporting period. Compensated absences other than sick leave and special approved annual leave are non-accumulating; they lapse if the current period's entitlement is not used in full. Except for unexpired annual leave, they do not entitle employees to a cash payment for unused entitlement on leaving the Company.

(c) Bonus plans

The expected cost of bonus payments is recognised as a liability when the Company has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans that are expected to be settled longer than twelve months will be discounted if the amounts are significant.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.15 Revenue recognition for certain revenue items

(a) Insurance revenue

The Company's accounting policy for insurance revenue is disclosed in Note 2.11(q) above.

2 Material accounting policies (continued)

2.15 Revenue recognition for certain revenue items (continued)

(b) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at FVTPL, are presented within “interest income” in the income statement. See Note 2.6 for the recognition and measurement of interest income.

(c) Dividend income

Dividend income is recognised for equity investments measured at FVTPL and designated at FVOCI, and presented within “other investment income/(losses)” in the income statement. See Note 2.6 for the recognition and measurement of dividend income.

2.16 Dividend distribution

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.

2.17 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if that party (i) controls, jointly controls or has significant influence over the Company; (ii) is a member of the same financial reporting group, such as parents, subsidiaries and fellow subsidiaries; (iii) is an associate or a joint venture of the Company or parent reporting group; (iv) is a key management personnel of the Company or parents; (v) is subject to common control with the Company; (vi) is an entity in which a person identified in (iv) controls; and (vii) provides key management personnel services to the Company or its parent. Related parties may be individuals or entities.

2.18 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

3 Critical estimates, and judgements in applying accounting policies

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

(a) Estimate of future benefit payments and premiums arising from insurance contracts

In applying HKFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios, except where stochastic modelling is used to measure financial guarantees. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on population statistics or reinsurance information, adjusted where appropriate to reflect the Company's own experience and relevant reinsurance arrangements. For contracts that insure the risk of longevity, appropriate allowances are made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the premiums. The main source of uncertainty is that epidemics such as AIDS, SARS, avian flu and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

Expenses
Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

Lapse
Lapses relate to the termination of policies due to non–payment of premiums. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

Estimates are also made for discount rates applied in the measurement of insurance contracts. These estimates are based on current market risk free rates as well as illiquidity premium.

3 Critical estimates, and judgements in applying accounting policies (continued)

(b) Determining coverage units

The Company uses the amounts that indicate the sum which policyholders are able to validly claim, such as the contractual cover in each period or number of policies with consideration of policy size as the basis for the quantity of benefits for all insurance coverage, investment-return and investment-related services.

The Company applied judgements in the determination of the coverage units, which impact the CSM amounts that were recognised in the income statement in 2025 and 2024.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

i. the quantity of benefits provided by contracts in the group;
ii. the expected coverage period of contracts in the group; and
iii. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

In performing the above determination, management applied judgement that might impact the CSM carrying values and amounts of the CSM allocation recognised in profit or loss for the period.

3 Critical estimates, and judgements in applying accounting policies (continued)

(c) Discount rates

Life insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to relevant market yield information. The illiquidity premium is determined by reference to relevant assets in the portfolio as well as market indices. Discount rates applied for discounting of future cash flows for currencies are listed below:

	2025					2024				
Insurance contract	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
USD Par Products	4.08%	4.67%	5.59%	6.34%	5.11%	4.78%	5.12%	5.45%	5.74%	4.66%
USD Non-Par Products	4.05%	4.64%	5.56%	6.31%	5.09%	4.84%	5.18%	5.51%	5.81%	4.70%
USD Universal Life	3.90%	4.49%	5.41%	6.15%	4.97%	4.81%	5.15%	5.48%	5.78%	4.68%
HKD Par Products	3.26%	3.65%	4.37%	4.43%	4.42%	4.55%	4.23%	4.45%	4.51%	4.49%
HKD Non-par products	3.23%	3.62%	4.34%	4.40%	4.40%	4.61%	4.29%	4.51%	4.57%	4.54%
HKD Universal Life	3.08%	3.47%	4.19%	4.25%	4.29%	4.58%	4.26%	4.48%	4.54%	4.51%
CNY Par Products	1.53%	2.42%	2.42%	4.31%	4.69%	1.30%	2.14%	2.10%	4.22%	4.64%
CNY Non-Par Products	1.60%	2.49%	2.49%	4.32%	4.69%	1.08%	1.92%	1.88%	4.19%	4.63%
CNY Universal Life	1.52%	2.41%	2.41%	4.30%	4.69%	1.26%	2.10%	2.06%	4.22%	4.63%
GBP Par Products	4.11%	4.42%	5.18%	5.23%	4.88%	5.22%	4.14%	4.64%	4.73%	4.26%
GBP Non-Par Products	4.08%	4.39%	5.15%	5.20%	4.85%	5.28%	4.20%	4.70%	4.79%	4.32%
GBP Universal Life	3.93%	4.24%	5.00%	5.05%	4.70%	5.25%	4.17%	4.67%	4.76%	4.29%
SGD Par Products	1.41%	2.17%	2.42%	2.32%	3.56%	2.72%	2.89%	3.00%	2.62%	3.60%
SGD Non-Par Products	1.41%	2.17%	2.42%	2.32%	3.56%	2.76%	2.89%	3.00%	2.62%	3.60%
SGD Universal Life	1.41%	2.17%	2.42%	2.32%	3.56%	2.73%	2.89%	3.00%	2.62%	3.60%
EUR Par Products	2.07%	2.92%	3.43%	3.55%	3.74%	2.24%	2.25%	2.48%	2.23%	3.55%
EUR Non-Par Products	2.07%	2.87%	3.43%	3.55%	3.74%	2.24%	2.25%	2.48%	2.23%	3.55%
EUR Universal Life	2.07%	2.87%	3.43%	3.55%	3.74%	2.24%	2.25%	2.48%	2.23%	3.55%
CAD Par Products	4.08%	4.67%	5.59%	6.34%	5.11%	4.78%	5.12%	5.45%	5.74%	4.66%
CAD Non-Par Products	4.05%	4.64%	5.56%	6.31%	5.09%	4.84%	5.18%	5.51%	5.81%	4.70%
CAD Universal Life	3.90%	4.49%	5.41%	6.15%	4.97%	4.81%	5.15%	5.48%	5.78%	4.68%
AUD Par Products	4.08%	4.67%	5.59%	6.34%	5.11%	4.78%	5.12%	5.45%	5.74%	4.66%
AUD Non-Par Products	4.05%	4.64%	5.56%	6.31%	5.09%	4.84%	5.18%	5.51%	5.81%	4.70%
AUD Universal Life	3.90%	4.49%	5.41%	6.15%	4.97%	4.81%	5.15%	5.48%	5.78%	4.68%
USD Class C/G Business	3.45%	4.04%	4.96%	5.71%	4.49%	4.11%	4.45%	4.78%	5.07%	3.98%
HKD Class C/G Business	2.63%	3.02%	3.74%	3.80%	3.80%	3.88%	3.56%	3.78%	3.84%	3.82%
CNY Class C/G Business	1.34%	2.23%	2.23%	4.11%	4.49%	1.08%	1.92%	1.88%	4.06%	4.49%

3 Critical estimates, and judgements in applying accounting policies (continued)

(d) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using confidence level technique.

The risk adjustment for life insurance and reinsurance contracts held corresponds to 75% confidence level (2024: 75%).

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2025 and 2024.

(e) Fair value of financial instruments determined using valuation techniques

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include the use of recent arm's length transactions, discounted cash flows analysis or other commonly used market pricing models. In addition, valuation adjustments may be adopted if factors such as credit risk are not considered in the valuation models. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modelling techniques. See more information on the fair value measurement in Note 4.4.1.

4 Risk, capital management and fair value measurement

4.1 Insurance risk

The Company is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. The Company manages these risks through the application of its underwriting strategy, reinsurance arrangements and regular experience monitoring.

The underwriting strategy is intended to set premium pricing at an appropriate level that corresponds with the underlying exposure of the risks underwritten and the Company's underwriting procedures include screening processes, such as the review of health condition and family medical history to ensure alignment with the underwriting strategy.

Within the insurance process, concentrations of risk may arise where a particular event or a series of events could impact heavily on the Company's claim liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant claim liabilities could arise.

For the in-force insurance contracts, most of the underlying insurance liabilities are related to endowment, universal life, annuity, whole life and unit-linked insurance products. For most of the insurance policies issued, the Company has a retention limit on any single life insured. The Company cedes the excess of the insured benefit over the limit to reinsurer under an excess of loss reinsurance arrangement. For some of the insurance business, the Company has entered into reinsurance arrangements that reinsure most of the insurance risk.

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality, morbidity and persistency. In this regard, the Company has conducted relevant experience studies and researches regularly to identify emerging trends. Results would be taken into account in pricing and underwriting management. The results of such studies are also considered in determining the assumptions used in the estimates of FCF.

(a) Change in assumptions

The Company has updated the assumptions for mortality, lapse, expense and discount rates to reflect the changes in company experience and market conditions.

4 Risk, capital management and fair value measurement (continued)

4.1 Insurance risk (continued)

(b) Sensitivity analysis

	2025			2024		
-10% mortality and morbidity rate	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts	29,712,697	30,583,583	252,417,199	42,582,550	38,773,780	230,948,985
Reinsurance contracts held	(11,780,816)	8,820,212	(111,970,754)	(14,523,552)	13,100,543	(124,921,612)

	2025			2024		
+10% mortality and morbidity rate	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts	(29,134,812)	(30,172,006)	(242,190,018)	(42,109,425)	(38,513,449)	(220,663,145)
Reinsurance contracts held	11,985,643	(7,153,014)	111,856,296	14,321,079	(11,406,786)	117,984,774

	2025			2024		
-10% lapse / surrender rate	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts	(13,591,515)	139,183,617	359,735,865	(50,051,144)	12,279,725	190,786,241
Reinsurance contracts held	1,013,385	(7,892,270)	17,726,458	(5,726,657)	(5,448,684)	3,130,329

4 Risk, capital management and fair value measurement (continued)

4.1 Insurance risk (continued)

(b) Sensitivity analysis (continued)

	2025			2024		
+10% lapse / surrender rate	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts	12,975,308	(120,033,799)	(322,619,999)	49,821,057	(5,660,028)	(173,114,333)
Reinsurance contracts held	(985,557)	6,884,250	(17,550,900)	3,979,749	3,822,040	(2,440,426)

	2025			2024		
-10% expense	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts	51,782,845	50,580,753	393,413,363	42,179,110	40,401,535	234,506,127
Reinsurance contracts held	(14,629)	(14,629)	14,629	(297,073)	(297,030)	297,073

	2025			2024		
+10% expense	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts	(51,806,121)	(50,604,814)	(392,820,470)	(42,525,717)	(40,748,220)	(235,009,305)
Reinsurance contracts held	14,627	14,628	(14,627)	270,751	267,615	(270,751)

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated, for example, changes in lapse rate, in future mortality rate and morbidity rate.

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk

The Company is exposed to financial risk through its financial instruments, insurance contracts issued and reinsurance contracts held. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most dominant financial risk factor is interest rate risk while there are also some other risk factors such as equity and fund price risk, liquidity risk, currency risk and credit risk.

The risk that the Company primarily faces due to the nature of its investment and liabilities is interest rate risk. The Company manages these positions within an asset and liability management ("ALM") framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. An Asset and Liability Management Committee ("ALCO") was established to focus on the ALM framework of the Company. The ALCO regularly reviews and manages the risks identified at portfolio level. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contracts holders.

4.2.1 Interest rate risk

Interest rate risk is the financial risk that causes significant variability on the assets and liabilities categorised in the Company's ALM framework.

(a) Life and annuity and retirement scheme insurance contracts

The Company issues single premium or regular premium contracts with both guaranteed returns and discretionary participating features. The primary financial risk on these contracts is the risk that investment returns from the financial assets backing these contracts are insufficient to fund the guaranteed benefits payable.

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.1 Interest rate risk (continued)

(b) Sensitivity analysis on financial instruments & insurance contracts and reinsurance contracts held

Movement of +/- 50 bps interest yields would have the following impacts.

	2025			2024		
-50 basis points shift in yield curves	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts and reinsurance contracts held	(4,957,179,375)	(5,762,198,531)	48,936,400	(4,182,013,547)	(4,584,418,464)	(423,725,266)
Financial instruments	4,894,721,398	5,916,672,183	-	4,215,400,408	5,341,801,621	-
Total	(62,457,977)	154,473,652	48,936,400	33,386,861	757,383,157	(423,725,266)

	2025			2024		
+50 basis points shift in yield curves	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts and reinsurance contracts held	4,496,724,493	5,267,018,087	(28,827,707)	3,837,969,408	4,223,330,140	332,266,507
Financial instruments	(4,465,604,499)	(5,426,245,380)	-	(3,870,152,429)	(4,932,000,894)	-
Total	31,119,994	(159,227,293)	(28,827,707)	(32,183,021)	(708,670,754)	332,266,507

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial instruments, insurance contracts and reinsurance contracts held as well as the projected cash flows from daily operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of financial instruments and cash and cash equivalents.

(a) Analysis of undiscounted cash flows by contractual maturities

(i) Non-derivative cash flows

The tables below summarise the cash flows of the Company as at 31 December 2025 and 2024 for non-derivative financial assets and liabilities by remaining contractual maturity. Cash flows for non-derivative financial assets and liabilities are presented based on their respective contractual maturity on undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

(a) Analysis of undiscounted cash flows by contractual maturities (continued)

(i) Non-derivative cash flows (continued)

	2025								
	On demand	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	over 20 years	Indefinite	Total
Assets									
Investment in an associate	-	-	-	-	-	-	-	-	-
Financial investments not held by unit-linked fund									
- FVTPL	-	8,207,349,178	11,106,700,331	16,111,772,324	5,311,592,335	8,089,684,892	45,096,315,778	53,683,270,931	147,606,685,769
- AC	-	77,731,345	1,687,543,321	66,706,915	80,927,834	-	121,666,600	-	2,034,576,015
- FVOCI	-	7,852,401,174	16,068,156,045	8,142,855,549	872,808,465	2,110,053,367	4,551,034,187	130,892,914	39,728,201,701
Interest and other receivables	2,831,951,331	-	-	-	-	-	-	-	2,831,951,331
Cash and bank	8,990,440,543	1,879,818,192	-	-	-	-	-	-	10,870,258,735
Segregated unit-linked fund assets									
- Financial assets mandatorily measured at FVTPL	-	-	-	-	-	-	-	524,772,495	524,772,495
- Other receivables	24,188	-	-	-	-	-	-	-	24,188
- Cash and bank	835,806	-	-	-	-	-	-	-	835,806
Total assets	11,823,251,868	18,017,299,889	28,862,399,697	24,321,334,788	6,265,328,634	10,199,738,259	49,769,016,565	54,338,936,340	203,597,306,040
Liabilities									
Borrowings	-	2,079,549,701	-	-	-	-	-	-	2,079,549,701
Trade payables and other liabilities (excluding lease liabilities)	1,010,093,815	3,447,500	18,180,750	-	-	-	-	-	1,031,722,065
Lease liabilities	-	37,717,728	27,383,687	-	-	-	-	-	65,101,415
Total liabilities	1,010,093,815	2,120,714,929	45,564,437	-	-	-	-	-	3,176,373,181

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

(a) Analysis of undiscounted cash flows by contractual maturities (continued)

(i) Non-derivative cash flows (continued)

	2024								
	On demand	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	over 20 years	Indefinite	Total
Assets									
Investment in an associate	-	-	-	-	-	-	-	356,520,065	356,520,065
Financial investments not held by unit-linked fund									
- FVTPL	-	5,668,742,850	6,581,390,176	11,597,041,082	4,127,222,473	5,482,469,464	39,113,848,721	26,187,890,355	98,758,605,121
- AC	-	156,468,269	1,580,025,591	265,748,039	80,382,212	-	121,301,770	-	2,203,925,881
- FVOCI	-	2,321,711,426	17,058,845,818	13,280,419,081	1,215,659,217	1,643,988,019	5,421,901,380	125,494,339	41,068,019,280
Interest and other receivables	2,401,324,071	-	-	-	-	-	-	-	2,401,324,071
Cash and bank	5,571,127,749	3,341,288,060	-	-	-	-	-	-	8,912,415,809
Segregated unit-linked fund assets									
- Financial assets mandatorily measured at FVTPL	-	-	-	-	-	-	-	430,326,735	430,326,735
- Other receivables	22,293	-	-	-	-	-	-	-	22,293
- Cash and bank	722,415	-	-	-	-	-	-	-	722,415
Total assets	7,973,196,528	11,488,210,605	25,220,261,585	25,143,208,202	5,423,263,902	7,126,457,483	44,657,051,871	27,100,231,494	154,131,881,670
Liabilities									
Borrowings	-	3,313,755,843	-	-	-	-	-	-	3,313,755,843
Trade payables and other liabilities (excluding lease liabilities)	873,942,178	8,521,500	13,106,750	-	-	-	-	-	895,570,428
Lease liabilities	-	36,908,047	25,745,531	-	-	-	-	-	62,653,578
Total liabilities	873,942,178	3,359,185,390	38,852,281	-	-	-	-	-	4,271,979,849

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

(a) Analysis of undiscounted cash flows by contractual maturities (continued)

(ii) Derivative cash flows

The tables below summarise the cash flows of the Company by remaining contractual maturity as at 31 December 2025 and 2024 for derivative financial liabilities that will be settled on a net basis, together with all derivative financial instruments that will be settled on a gross basis regardless of whether the contract is in an asset or liability position. The amounts disclosed in the tables are the contractual undiscounted cash flows, except for certain derivatives which are disclosed at fair value.

The Company's derivative financial instruments that will be settled on a net basis mainly include bond forwards, equity option and warrants whereas derivative financial instruments that will settled on a gross basis mainly include currency forwards and currency swaps.

	2025					
	0-5 years	5-10 years	10-15 years	15-20 years	over 20 years	Total
Derivative financial liabilities settled on a net basis	(261,712,977)	-	-	-	-	(261,712,977)
Derivative financial instruments settled on a gross basis						
Total inflow	85,458,390,694	-	-	-	-	85,458,390,694
Total outflow	(85,755,646,521)	-	-	-	-	(85,755,646,521)

	2024					
	0-5 years	5-10 years	10-15 years	15-20 years	over 20 years	Total
Derivative financial liabilities settled on a net basis	-	-	-	-	-	-
Derivative financial instruments settled on a gross basis						
Total inflow	74,486,300,330	-	-	-	-	74,486,300,330
Total outflow	(74,539,076,516)	-	-	-	-	(74,539,076,516)

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

(b) Analysis of estimated future cash flows – insurance contracts and reinsurance contracts held

The tables below summarise the estimated future cash flows of the Company as at 31 December 2025 and 2024 for insurance and reinsurance contracts on an undiscounted basis. The maturities for insurance contracts and reinsurance contracts reflect the dates on which the cash flows are expected to occur.

	2025						
	Less than 1 year	1 – 2 years	2 – 3 years	3 -4 years	4 – 5 years	More than 5 years	Total
Liabilities							
Insurance contract liabilities	20,644,637,477	6,151,019,580	16,805,703,638	13,051,639,588	15,394,160,936	307,429,413,513	379,476,574,732
Reinsurance contract liabilities	1,566,913	1,070,403	1,094,023	389,624	185,473	1,625,496	5,931,932
Total	20,646,204,390	6,152,089,983	16,806,797,661	13,052,029,212	15,394,346,409	307,431,039,009	379,482,506,664

	2024						
	Less than 1 year	1 – 2 years	2 – 3 years	3 -4 years	4 – 5 years	More than 5 years	Total
Liabilities							
Insurance contract liabilities	12,995,589,508	11,474,077,894	11,720,180,223	8,228,561,022	13,113,038,740	222,171,635,279	279,703,082,666
Reinsurance contract liabilities	7,040,987	7,284,441	4,996,425	1,373,782	1,753,344	2,002,497	24,451,476
Total	13,002,630,495	11,481,362,335	11,725,176,648	8,229,934,804	13,114,792,084	222,173,637,776	279,727,534,142

As at 31 December 2025, the amounts payable on demand of insurance contracts liabilities and reinsurance contract liabilities are HK$33,769,715,739 (2024: HK$37,450,611,980) and HK$892,699 (2024: HK$4,727,275) respectively.

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.3 Equity and fund price risk

Equity and fund price risk refers to price risk arising from changes in the price of the equity securities, investments on fund (including segregated unit-linked fund) and other alternative investments. For private investments where a readily available market price does not exist, valuation uncertainties may arise. The Company performed a sensitivity analysis with the following table which was based on +/-10% change of carrying amount of the investments at the end of the reporting period, with all other variables held constant:

	2025			2024		
-10% change in equity price	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts and reinsurance contracts held	4,595,345,498	4,595,345,351	(1,080,665,711)	2,355,411,939	2,355,411,939	(471,082,388)
Financial investments	(5,420,804,344)	(5,420,804,344)	-	(2,661,821,710)	(2,661,821,710)	-
Total	(825,458,846)	(825,458,993)	(1,080,665,711)	(306,409,771)	(306,409,771)	(471,082,388)

	2025			2024		
+10% change in equity price	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$	Increase / (decrease) in profit before tax HK$	Increase / (decrease) in equity before tax HK$	Increase / (decrease) in CSM balance HK$
Insurance contracts and reinsurance contracts held	(4,708,152,821)	(4,708,152,218)	1,193,477,500	(2,355,411,939)	(2,355,411,939)	471,082,388
Financial investments	5,420,804,344	5,420,804,344	-	2,661,821,710	2,661,821,710	-
Total	712,651,523	712,652,126	1,193,477,500	306,409,771	306,409,771	471,082,388

4.2.4 Credit risk

The Company has exposure to credit risk that a customer, debtor or counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- default risk associated with financial instruments or counterparties
- credit spread widening as a result of credit migration (downgrade)
- reinsurers' share of unpaid insurance contract liabilities
- amounts due from reinsurers in respect of claims already paid by the Company
- amounts due from insurance contract holders
- amounts due from insurance intermediaries

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.4 Credit risk (continued)

The Company manages credit risk by placing limits on its exposure to each investment counterparty or issuer. Such limits are subject to annual or more frequent review by management.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay ceded claims for any reasons, the Company remains liable for the payment to the policyholders. The creditworthiness of reinsurers is considered on an annual basis by reviewing the reinsurers' financial strength prior to finalisation of any contract. Most reinsurers are with good creditworthiness.

Management of the Company directs the Company's reinsurance placement policy and assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The Company also monitors the reinsurance counterparty risk exposure on an ongoing basis.

The debt investments held by the Company do not have collateral or other credit enhancements.

The following table sets out information about credit quality of reinsurance contract assets and financial assets based on Standard & Poor's ("S&P"), Moody's and Fitch's rating. According to the Company's investment strategy, the Company invests most of its assets in debt investments (including debt securities and structured notes) at investment grades or above. The Company considers 'investment grade' to be credit rating of BBB- or above. Assets with an investment grade are considered as having low credit risk.

	2025 HK$	**2024** HK$
AAA	3,503,565,808	6,059,679,380
AA+ to AA-	45,325,291,473	26,267,742,333
A+ to A-	76,819,918,517	68,321,570,117
BBB+ to BBB-	19,189,799,289	21,879,443,935
Below BBB- (Note)	-	422,528,539
Not rated	38,709,907,122	40,009,069,746
Total	183,548,482,209	162,960,034,050
Represented by:		
Debt securities at FVTPL	82,906,281,286	65,313,434,543
Debt securities at AC	2,035,767,225	2,205,487,202
Debt securities at FVOCI	38,590,032,794	40,942,524,948
Structured notes at FVTPL	11,017,133,552	7,257,280,224
Structured notes at FVOCI	1,007,276,000	-
Interest and other receivables	2,832,136,248	2,401,492,809
Derivative financial assets	38,214,361	48,399,247
Reinsurance contract assets	34,248,649,941	35,877,887,376
Cash and bank	10,872,990,802	8,913,527,701
	183,548,482,209	162,960,034,050

Note: With reference to the Company's investment guideline, the credit rating of the guarantor is also considered in assessing the credit risk. As at 31 December 2025, no assets are rated as "Below BBB-" (2024: HK$422,528,539). The guarantor of these assets is rated as investment-graded.

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.5 Currency risk

The Company operates in Hong Kong and issues insurance policies denominated in Hong Kong dollars, United States dollars, Renminbi, Pound Sterling, Singapore dollars, Euro, Canadian dollars and Australian dollars. The Company also accepts reinsurance business denominated in Macau Pataca. The Company's policy is to generally invest in assets denominated in the same currencies as its insurance liabilities, which mitigate the Company's foreign currency exchange rate risk. To manage the currency risk, the Company also enters the foreign currency swap contracts and forward contracts. For certain insurance policies denominated in Renminbi, the Company also enters into coinsurance arrangement, which mitigate the Company's Renminbi exchange rate risk.

As at 31 December 2025 and 2024, the majority of the Company's assets were denominated in Hong Kong dollars, United States dollars and Renminbi dollars. For other currencies, there are minimal exchange rate risk due to small size of business. The currency exposure for key balance sheet items are shown below:

	2025		2024	
-5% HKD depreciation against CNY	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$
Insurance contracts and reinsurance contracts held	(781,206,281)	(781,206,281)	(603,874,761)	(603,874,761)
Financial investments	739,596,077	741,057,560	528,993,600	530,873,214
Total	(41,610,204)	(40,148,721)	(74,881,161)	(73,001,547)

	2025		2024	
+5% HKD appreciation against CNY	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$
Insurance contracts and reinsurance contracts held	781,206,281	781,206,281	603,874,761	603,874,761
Financial investments	(739,596,077)	(741,057,560)	(528,993,600)	(530,873,214)
Total	41,610,204	40,148,721	74,881,161	73,001,547

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.5 Currency risk (continued)

	2025		2024	
-0.5% HKD depreciation against USD	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$
Insurance contracts and reinsurance contracts held	(391,701,445)	(391,701,445)	(258,435,399)	(258,435,399)
Financial instruments	426,193,708	409,947,503	295,235,493	271,299,993
Total	34,492,263	18,246,058	36,800,094	12,864,594

	2025		2024	
+0.5% HKD appreciation against USD	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity before tax HK$
Insurance contracts and reinsurance contracts held	391,701,445	391,701,445	258,435,399	258,435,399
Financial instruments	(426,193,708)	(409,947,503)	(295,235,493)	(271,299,993)
Total	(34,492,263)	(18,246,058)	(36,800,094)	(12,864,594)

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.5 Currency risk (continued)

Balance Sheet as at 31 December 2025

	HK Dollars HK$	US Dollars HK$	Renminbi HK$	Others HK$	Total HK$
Assets					
Property and equipment[#]	73,202,452	-	-	-	73,202,452
Reinsurance contract assets	12,985,581,252	2,017,830,821	20,310,982,630	-	35,314,394,703
Insurance contract assets	(31,645)	846,080	43,452	1,548,214	2,406,101
Investment in an associate	-	-	-	-	-
Financial investments not held by unit-linked fund					
- FVTPL	19,288,642,433	112,757,679,528	14,682,756,423	877,607,385	147,606,685,769
- AC	699,605,411	1,334,970,604	-	-	2,034,576,015
- FVOCI	2,866,919,162	36,193,477,405	667,805,134	-	39,728,201,701
Interest and other receivables	330,071,191	2,372,427,990	121,823,822	7,628,328	2,831,951,331
Other assets[#]	165,672,687	956,946	10,506,033	619,691	177,755,357
Deferred tax assets[#]	1,905,927,360	-	-	-	1,905,927,360
Derivative financial assets	38,023,197	191,164	-	-	38,214,361
Bank deposit with original maturity over three months	5,000,000	-	-	-	5,000,000
Cash and cash equivalents	2,420,021,360	4,639,159,550	3,430,063,055	376,014,770	10,865,258,735
Segregated unit-linked fund assets					
- Financial assets mandatorily measured at FVTPL	86,954,922	410,285,935	27,531,638	-	524,772,495
- Other receivables	-	24,188	-	-	24,188
- Cash and bank	-	835,806	-	-	835,806
Total assets	40,865,589,782	159,728,686,017	39,251,512,187	1,263,418,388	241,109,206,374

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.5 Currency risk (continued)

Balance Sheet as at 31 December 2025 (continued)

	HK Dollars	US Dollars	Renminbi	Others	Total
	HK$	HK$	HK$	HK$	HK$
Liabilities					
Insurance contract liabilities	94,094,459,316	80,358,964,866	35,935,151,693	665,288,713	211,053,864,588
Reinsurance contract liabilities	(15,519,963)	943	-	-	(15,519,020)
Trade payables and other liabilities[#]	733,875,424	251,528,214	108,420,208	1,034,224	1,094,858,070
Borrowings	1,129,226,618	-	947,630,934	-	2,076,857,552
Current tax liabilities[#]	888,848,146	51,041	76,636,418	-	965,535,605
Derivative financial liabilities	228,762,409	644,884	-	-	229,407,293
Total liabilities	97,059,651,950	80,611,189,948	37,067,839,253	666,322,937	215,405,004,088
Net on-balance sheet position	(56,194,062,168)	79,117,496,069	2,183,672,934	597,095,451	25,704,202,286
Off-balance sheet net notional position*	69,671,278,946	(68,707,772,833)	(556,942,000)	(442,106,963)	(35,542,850)

* Off-balance sheet net notional position represents the net notional amounts of derivative financial instruments, which are principally used to reduce the Company's exposure to currency movements.

[#] Property and equipment, other assets, deferred tax assets, current tax liabilities, the provisions in trade payables and other liabilities are non-financial assets and liabilities which are not subject to currency risk.

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.5 Currency risk (continued)

Balance Sheet as at 31 December 2024

	HK Dollars HK$	US Dollars HK$	Renminbi HK$	Others HK$	Total HK$
Assets					
Property and equipment[#]	83,265,260	-	-	-	83,265,260
Reinsurance contract assets	8,945,153,673	1,620,438,293	25,807,101,964	-	36,372,693,930
Insurance contract assets	(24,728)	1,007,824	46,881	1,392,030	2,422,007
Investment in an associate	-	356,520,065	-	-	356,520,065
Financial investments not held by unit-linked fund					
- FVTPL	12,217,249,944	75,816,855,981	10,628,011,043	96,488,153	98,758,605,121
- AC	699,500,810	1,504,425,071	-	-	2,203,925,881
- FVOCI	2,155,630,732	38,154,681,708	757,706,840	-	41,068,019,280
Interest and other receivables	223,825,227	2,073,901,736	103,597,108	-	2,401,324,071
Other assets[#]	146,635,838	1,441,652	6,643,452	-	154,720,942
Deferred tax assets[#]	994,625,279	-	-	-	994,625,279
Derivative financial assets	48,399,247	-	-	-	48,399,247
Bank deposit with original maturity over three months	5,000,000	-	-	-	5,000,000
Cash and cash equivalents	2,119,232,554	4,697,445,852	1,831,973,014	258,764,389	8,907,415,809
Segregated unit-linked fund assets					
- Financial assets mandatorily measured at FVTPL	18,062,164	386,604,174	25,660,397	-	430,326,735
- Other receivables	-	22,293	-	-	22,293
- Cash and bank	-	722,415	-	-	722,415
Total assets	27,656,556,000	124,614,067,064	39,160,740,699	356,644,572	191,788,008,335

4 Risk, capital management and fair value measurement (continued)

4.2 Financial risk (continued)

4.2.5 Currency risk (continued)

Balance Sheet as at 31 December 2024 (continued)

	HK Dollars	US Dollars	Renminbi	Others	Total
	HK$	HK$	HK$	HK$	HK$
Liabilities					
Insurance contract liabilities	78,527,473,115	53,308,522,016	37,884,644,064	257,130,025	169,977,769,220
Reinsurance contract liabilities	2,077,723	3,865	-	-	2,081,588
Trade payables and other liabilities#	589,336,188	273,402,056	90,903,139	2,555,749	956,197,132
Borrowings	3,305,461,391	-	-	-	3,305,461,391
Current tax liabilities#	68,053,638	56,342	72,829,517	-	140,939,497
Derivative financial liabilities	23,695,705	186,960,914	-	-	210,656,619
Total liabilities	82,516,097,760	53,768,945,193	38,048,376,720	259,685,774	174,593,105,447
Net on-balance sheet position	(54,859,541,760)	70,845,121,871	1,112,363,979	96,958,798	17,194,902,888
Off-balance sheet net notional position*	66,057,531,181	(61,603,312,986)	(793,914,000)	(28,932,091)	3,631,372,104

* Off-balance sheet net notional position represents the net notional amounts of derivative financial instruments, which are principally used to reduce the Company's exposure to currency movements.

\# Property and equipment, other assets, deferred tax assets, current tax liabilities, the provisions in trade payables and other liabilities are non-financial assets and liabilities which are not subject to currency risk.

4 Risk, capital management and fair value measurement (continued)

4.3 Capital management

The Company's objectives when managing capital are:

- to fully comply with the insurance capital requirements required by the Insurance Authority;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts which are commensurate with the level of risk.

Under Hong Kong Risk-based Capital regime, in accordance with the Insurance Ordinance (Cap.41) and the Valuation and Capital Rules, the capital requirement of insurers is determined based on the level of risk identified. The Company ensures at all times that its capital base is not less than each of 1) the prescribed capital amount ("PCA"); 2) the minimum capital amount; and 3) HK$20,000,000. The minimum capital amount is determined as 50% of the PCA.

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

The Company complied with all the regulatory capital requirements throughout both years 2025 and 2024.

4 Risk, capital management and fair value measurement (continued)

4.4 Fair value hierarchy

HKFRS Accounting Standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities, funds, debt securities and exchange traded derivatives.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes the majority of the over-the-counter derivative contracts and debt instruments.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes funds with significant unobservable components.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or broker/dealer price quotations. The quoted market price used for financial assets held by the Company is the current bid/ask price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer and broker, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive.

4 Risk, capital management and fair value measurement (continued)

4.4 Fair value hierarchy (continued)

The Company's level 3 financial instruments are principally other alternative investments such as private equity funds and private debt funds. Management obtains valuations from the fund managers, and such valuations are determined by comparing the valuations from the fund managers to recent arm's length transactions, fair values of other instruments that are substantially the same, discounted cash flow analysis, or other valuation techniques commonly used by market participants. The fair value of these financial instruments may be based on unobservable inputs which are net asset value of funds and may have significant impact on the valuation of these financial instruments, and therefore, these instruments have been classified by the Company as level 3. The Company has established internal control procedures to control and limit the Company's exposure to such financial instruments.

4.4.1 Financial instruments measured at fair value

	2025			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVTPL				
- Mandatorily measured at FVTPL				
- Debt securities	-	26,196,910,590	-	26,196,910,590
- Structured notes	-	11,017,133,552	-	11,017,133,552
- Equity securities	5,024,068,273	-	-	5,024,068,273
- Funds	13,175,505,759	12,751,484,942	23,256,984,452	49,183,975,153
- Designated at FVTPL				
- Debt securities	7,713,539,452	48,995,831,244	-	56,709,370,696
Derivative financial assets	27,817	38,186,544	-	38,214,361
Financial assets measured at FVOCI				
- Debt securities	4,014,243,533	34,575,789,261	-	38,590,032,794
- Structured notes	-	1,007,276,000	-	1,007,276,000
- Equity securities	-	130,892,907	-	130,892,907
Liabilities				
Derivative financial liabilities	5,351,234	224,056,059	-	229,407,293

4 Risk, capital management and fair value measurement (continued)

4.4 Fair value hierarchy (continued)

4.4.1 Financial instruments measured at fair value (continued)

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVTPL				
- Mandatorily measured at FVTPL				
- Debt securities	-	27,093,789,314	-	27,093,789,314
- Structured notes	-	7,257,280,224	-	7,257,280,224
- Equity securities	4,860,679,920	-	-	4,860,679,920
- Funds	6,473,216,795	5,465,373,982	9,818,946,392	21,757,537,169
- Designated at FVTPL				
- Debt securities	2,319,642,051	35,900,003,178	-	38,219,645,229
Derivative financial assets	-	48,399,247	-	48,399,247
Financial assets measured at FVOCI				
- Debt securities	735,631,966	40,206,892,982	-	40,942,524,948
- Equity securities	-	125,494,332	-	125,494,332
Liabilities				
Derivative financial liabilities	186,960,914	23,695,705	-	210,656,619

4.4.2 Financial instruments not measured at fair value but fair value disclosed

	2025			
	Level 1	Level 2	Level 3	Total
Asset				
AC – Debt securities	-	2,042,298,556	-	2,042,298,556

	2024			
	Level 1	Level 2	Level 3	Total
Asset				
AC – Debt securities	-	2,155,483,300	-	2,155,483,300

NOTES TO THE FINANCIAL STATEMENTS

4 Risk, capital management and fair value measurement (continued)

4.4 Fair value hierarchy (continued)

4.4.3 Reconciliation of level 3 items

Financial assets mandatorily measured at FVTPL – Funds:

	2025	2024
Balance as at 1 January	9,818,946,392	7,460,256,425
Total gains/(losses) recognised in		
- Income statement		
- Net investment gains/(losses)	391,572,470	(226,931,505)
Purchases	14,112,419,454	3,027,417,218
Sales	(1,065,953,864)	(441,795,746)
Balance as at 31 December	23,256,984,452	9,818,946,392
Total unrealised gains/(losses) for the year included in the income statement for assets held as at 31 December	391,572,470	(226,931,505)

NOTES TO THE FINANCIAL STATEMENTS

5 Property and equipment

	Leasehold improvements	Office furniture and equipment	Computer equipment	Motor vehicle	Work-in-progress	Right-of-use asset - Properties	Right-of-use asset - Other assets	Total
Year ended 31 December 2025								
Opening net book amount	14,246,985	3,433,249	1,908,507	-	260,730	60,178,479	3,237,310	83,265,260
Additions	-	1,066,728	714,160	681,576	925,660	40,245,879	86,541	43,720,544
Transfer in/(out)	1,186,390	-	-	-	(1,186,390)	-	-	-
Disposals	-	(126,258)	(183,767)	-	-	-	-	(310,025)
Accumulated depreciation - written back on disposal	-	125,410	183,737	-	-	-	-	309,147
Depreciation	(9,315,289)	(745,932)	(739,347)	-	-	(41,192,188)	(1,789,718)	(53,782,474)
Closing net book amount	6,118,086	3,753,197	1,883,290	681,576	-	59,232,170	1,534,133	73,202,452
At 31 December 2025								
Cost	61,004,387	13,704,894	14,078,221	681,576	-	124,849,181	5,662,449	219,980,708
Accumulated depreciation	(54,886,301)	(9,951,697)	(12,194,931)	-	-	(65,617,011)	(4,128,316)	(146,778,256)
Net book amount	6,118,086	3,753,197	1,883,290	681,576	-	59,232,170	1,534,133	73,202,452

5 Property and equipment (continued)

	Leasehold improvements	Office furniture and equipment	Computer equipment	Motor vehicle	Work-in-progress	Right-of-use asset - Properties	Right-of-use asset - Other assets	Total
Year ended 31 December 2024								
Opening net book amount	14,703,522	2,568,042	2,071,748	-	-	43,401,981	4,086,494	66,831,787
Additions	-	1,657,423	595,305	-	8,024,267	58,874,906	877,222	70,029,123
Transfer in/(out)	7,763,537	-	-	-	(7,763,537)	-	-	-
Disposals	-	(85,859)	(271,031)	-	-	-	-	(356,890)
Accumulated depreciation - written back on disposal	-	73,215	270,991	-	-	-	-	344,206
Depreciation	(8,220,074)	(779,572)	(758,506)	-	-	(42,098,408)	(1,726,406)	(53,582,966)
Closing net book amount	14,246,985	3,433,249	1,908,507	-	260,730	60,178,479	3,237,310	83,265,260
At 31 December 2024								
Cost	59,817,997	12,764,424	13,547,828	-	260,730	126,360,818	5,662,149	218,413,946
Accumulated depreciation	(45,571,012)	(9,331,175)	(11,639,321)	-	-	(66,182,339)	(2,424,839)	(135,148,686)
Net book amount	14,246,985	3,433,249	1,908,507	-	260,730	60,178,479	3,237,310	83,265,260

6 Financial investments

Financial assets at FVTPL include the following:

	2025	2024
Financial assets mandatorily measured at FVTPL		
Listed securities:		
- Equity shares - Hong Kong	4,278,344,639	2,567,486,180
- Equity shares - Overseas	745,723,634	2,293,193,740
- Debt securities - Hong Kong	5,893,490,901	6,668,087,746
- Debt securities - Overseas	16,196,900,529	15,869,141,936
- Funds	13,175,505,759	6,396,225,554
- Structured notes	339,204,114	-
Total fair value of listed securities	40,629,169,576	33,794,135,156
Unlisted securities:		
- Debt securities	4,106,519,160	4,556,559,632
- Funds	35,483,696,899	14,930,984,880
- Structured notes	10,677,929,438	7,257,280,224
Total fair value of unlisted securities	50,268,145,497	26,744,824,736
Segregated unit-linked fund assets- funds	524,772,495	430,326,735
Total fair value of financial investments mandatorily measured at FVTPL	91,422,087,568	60,969,286,627
Financial assets designated at FVTPL		
Listed securities:		
- Debt securities - Hong Kong	8,563,063,070	3,412,629,048
- Debt securities - Overseas	43,102,549,405	30,197,294,615
Total fair value of listed securities	51,665,612,475	33,609,923,663
Unlisted securities:		
- Debt securities	5,043,758,221	4,609,721,566
Total fair value of unlisted securities	5,043,758,221	4,609,721,566
Total fair value of financial assets designated at FVTPL	56,709,370,696	38,219,645,229
Total	148,131,458,264	99,188,931,856

As at 31 December 2025 and 2024, the credit risk of these financial assets has not been hedged by the use of credit derivatives or similar instruments.

6 Financial investments (continued)

Financial assets at FVTPL include the following (continued):

The table below shows the credit quality for debt securities and structured notes mandatorily measured at FVTPL and designated at FVTPL.

Financial assets mandatorily measured at FVTPL:

	2025	2024
AAA	606,402,158	589,454,499
AA+ to AA-	3,823,889,757	4,340,939,397
A+ to A-	27,041,023,947	23,326,399,424
BBB+ to BBB-	4,456,976,817	5,352,429,848
Below BBB-	-	-
Not rated	1,285,751,463	741,846,370
Total	37,214,044,142	34,351,069,538

Financial assets designated at FVTPL:

	2025	2024
AAA	2,055,651,475	3,951,748,479
AA+ to AA-	23,580,136,717	9,085,319,407
A+ to A-	27,445,364,117	21,162,212,337
BBB+ to BBB-	3,072,181,588	3,912,025,365
Below BBB-	-	-
Not rated	556,036,799	108,339,641
Total	56,709,370,696	38,219,645,229

6 Financial investments (continued)

Financial assets measured at AC include the following:

	2025	2024
Listed securities:		
- Debt securities - Hong Kong	496,951,301	604,964,347
- Debt securities - Overseas	760,884,227	822,749,990
Gross carrying amount of listed debt securities	1,257,835,528	1,427,714,337
Unlisted securities:		
- Debt securities	777,931,697	777,772,865
Gross carrying amount of unlisted debt securities	777,931,697	777,772,865
Less: allowance for ECLs	(1,191,210)	(1,561,321)
Total	2,034,576,015	2,203,925,881

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

	As at 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA+ to AA-	121,699,047	-	-	121,699,047
A+ to A-	1,327,006,726	-	-	1,327,006,726
BBB+ to BBB-	587,061,452	-	-	587,061,452
Below BBB-	-	-	-	-
Not rated	-	-	-	-
Total	2,035,767,225	-	-	2,035,767,225

6 Financial investments (continued)

Financial assets measured at AC include the following: (continued)

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA+ to AA-	121,332,535	-	-	121,332,535
A+ to A-	1,323,754,115	-	-	1,323,754,115
BBB+ to BBB-	760,400,552	-	-	760,400,552
Below BBB-	-	-	-	-
Not rated	-	-	-	-
Total	2,205,487,202	-	-	2,205,487,202

An analysis of changes in gross carrying amount and the corresponding ECL allowance is as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	2,205,487,202	-	-	2,205,487,202
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(180,232,940)	-	-	(180,232,940)
Amortisation	4,788,682	-	-	4,788,682
Foreign exchange adjustments	5,724,281	-	-	5,724,281
At 31 December 2025	2,035,767,225	-	-	2,035,767,225

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	2,550,430,758	-	-	2,550,430,758
New assets originated or purchased	118,188,243	-	-	118,188,243
Assets derecognised or repaid (excluding write offs)	(461,351,723)	-	-	(461,351,723)
Amortisation	5,113,917	-	-	5,113,917
Foreign exchange adjustments	(6,893,993)	-	-	(6,893,993)
At 31 December 2024	2,205,487,202	-	-	2,205,487,202

6 Financial investments (continued)

Financial assets measured at AC include the following (continued):

An analysis of changes in gross carrying amount and the corresponding ECL allowance is as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	1,561,321	-	-	1,561,321
Increase in remeasurement of loss allowance arising from same stage	9,501	-	-	9,501
Assets derecognised or repaid (excluding write offs)	(48,559)	-	-	(48,559)
Decrease in remeasurement of loss allowance arising from same stage	(333,760)	-	-	(333,760)
Foreign exchange adjustments	2,707	-	-	2,707
At 31 December 2025	1,191,210	-	-	1,191,210

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	1,162,287	-	-	1,162,287
Increase in remeasurement of loss allowance arising from same stage	615,630	-	-	615,630
Assets derecognised or repaid (excluding write offs)	(168,574)	-	-	(168,574)
Decrease in remeasurement of loss allowance arising from same stage	(43,035)	-	-	(43,035)
Foreign exchange adjustments	(4,987)	-	-	(4,987)
At 31 December 2024	1,561,321	-	-	1,561,321

6 Financial investments (continued)

Financial assets measured at FVOCI include the following:

	2025	2024
Listed securities:		
- Equity instruments - Hong Kong	130,892,907	125,494,332
- Debt securities - Hong Kong	13,452,350,865	15,919,180,221
- Debt securities - Overseas	20,242,692,456	20,532,045,495
- Structured notes	403,976,000	-
Total fair value of listed securities	34,229,912,228	36,576,720,048
Unlisted securities:		
- Debt securities	4,894,989,473	4,491,299,232
- Structured notes	603,300,000	-
Total fair value of unlisted securities	5,498,289,473	4,491,299,232
Total	39,728,201,701	41,068,019,280

Equity instruments designated at FVOCI are analysed by type of issuer as follows:

	2025	2024
- Public sector	130,892,907	125,494,332
	130,892,907	125,494,332

The Company has designated its equity investments measured at FVOCI on the basis that these are held for strategic purpose.

No sales of equity investments at FVOCI were made in 2025. During 2024, the sales of certain equity investments measured at FVOCI were made because of portfolio rebalancing to reduce price risk and increase portfolio dividend level. The fair value of the investments at the dates of derecognition in 2024 was HK$98,790,175.

The table below shows the credit quality and the year-end stage classification of debt securities and structure notes. The amounts presented are their carrying value.

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
AAA	799,912,638	-	-	799,912,638
AA+ to AA-	9,138,693,950	-	-	9,138,693,950
A+ to A-	19,628,172,085	-	-	19,628,172,085
BBB+ to BBB-	8,752,885,337	-	-	8,752,885,337
Below BBB-	-	-	-	-
Not rated	1,277,644,784	-	-	1,277,644,784
Total	39,597,308,794	-	-	39,597,308,794

6 Financial investments (continued)

Financial assets measured at FVOCI include the following (continued):

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	1,458,239,397	-	-	1,458,239,397
AA+ to AA-	4,907,428,409	-	-	4,907,428,409
A+ to A-	21,524,938,080	-	-	21,524,938,080
BBB+ to BBB-	10,432,337,815	-	-	10,432,337,815
Below BBB-	419,950,172	-	-	419,950,172
Not rated	2,199,631,075	-	-	2,199,631,075
Total	40,942,524,948	-	-	40,942,524,948

An analysis of changes in gross carrying amount and the corresponding ECL allowance is as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	45,755,297,766	-	-	45,755,297,766
New assets originated or purchased	11,075,631,479	-	-	11,075,631,479
Assets derecognised or repaid (excluding write offs)	(14,042,852,893)	-	-	(14,042,852,893)
Amortisation	91,589,175	-	-	91,589,175
Foreign exchange adjustments	(65,527,537)	-	-	(65,527,537)
At 31 December 2025	42,814,137,990	-	-	42,814,137,990

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	57,726,544,898	526,858,066	-	58,253,402,964
Transfer from Stage 2 to Stage 1	526,858,066	(526,858,066)	-	-
New assets originated or purchased	16,569,899,015	-	-	16,569,899,015
Assets derecognised or repaid (excluding write offs)	(28,778,695,522)	-	-	(28,778,695,522)
Amortisation	76,396,685	-	-	76,396,685
Foreign exchange adjustments	(365,705,376)	-	-	(365,705,376)
At 31 December 2024	45,755,297,766	-	-	45,755,297,766

6 Financial investments (continued)

Financial assets measured at FVOCI include the following (continued):

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	35,790,563	-	-	35,790,563
Increase in remeasurement of loss allowance arising from same stage	3,050,028	-	-	3,050,028
Assets derecognised or repaid (excluding write offs)	(11,080,990)	-	-	(11,080,990)
Decrease in remeasurement of loss allowance arising from same stage	(5,774,724)	-	-	(5,774,724)
Foreign exchange adjustments	149,368	-	-	149,368
At 31 December 2025	22,134,245	-	-	22,134,245

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	33,932,746	3,376,490	-	37,309,236
Transfer from Stage 2 to Stage 1	3,376,490	(3,376,490)	-	-
Increase in remeasurement of loss allowance arising from same stage	10,280,130	-	-	10,280,130
Assets derecognised or repaid (excluding write offs)	(9,254,984)	-	-	(9,254,984)
Decrease in remeasurement of loss allowance arising from same stage	(2,414,965)	-	-	(2,414,965)
Foreign exchange adjustments	(128,854)	-	-	(128,854)
At 31 December 2024	35,790,563	-	-	35,790,563

6 Financial investments (continued)

Financial assets and liabilities - derivatives including the following:

	As at 31 December 2025	
	Assets	Liabilities
Foreign currency forwards	33,356,461	8,516,466
Foreign currency swaps	4,657,230	215,539,593
Bond forwards	27,817	644,884
Equity options and warrant	172,853	4,706,350
Total	38,214,361	229,407,293

	As at 31 December 2024	
	Assets	Liabilities
Foreign currency forwards	2,950,799	2,770,753
Foreign currency swaps	45,448,448	20,924,952
Bond futures	-	186,960,914
Total	48,399,247	210,656,619

Notional amount of derivatives financial instruments

		2025	2024
Contract type			
- Foreign currency forwards	HKD	7,240,894,929	3,561,806,725
	USD	4,417,343,955	2,096,360,190
	CNY	-	105,855,200
	GBP	-	19,493,152
- Foreign currency swaps	HKD	620,844,643	485,323,237
	USD	72,208,784,515	67,485,691,059
	CNY	779,718,800	688,058,800
	EUR	488,059,679	96,488,153
- Bond futures	USD	-	3,684,148,289
- Bond forwards	USD	233,515,980	-
- Equity options and warrant	HKD	10,465,350	-
	USD	17,731,647	-

At 31 December 2025, the Company had held debt securities collateral with carrying value of HK$19,923,109 in respect of derivative transactions. These transactions are conducted under terms that are usual and customary to collateralised transactions including, where relevant, standard International Swaps and Derivatives Association ("ISDA") Master Agreements.

7 Investment in an associate

	2025	2024
At 1 January	356,520,065	308,921,251
Addition	31,756,085	25,221,467
Transfer to financial investments not held by unit-linked fund - FVTPL	(391,656,806)	-
Share of results	3,380,656	22,377,347
At 31 December	-	356,520,065

	Place of incorporation/ operation	Issued share capital	Interest held	Principal activities
GBA Equity Fund II LPF	Hong Kong, China	NA*	20%	Fund

*There is no share capital concept in Fund.

During the year, amendments to the limited partnership agreement between the company and the fund resulted in the loss of significant influence over the fund under HKAS 28, with remaining right being protective only. Therefore, the investment in the fund, previously accounted for as an associate using the equity method, has been reclassified as a financial asset at FVTPL upon the effective date of the aforementioned amendments to the limited partnership agreement. The carrying value reclassified is HK$389,620,313. The Company invested HK$331,025,644 to the fund as at 31 December 2024.

8 Interest and other receivables

	2025	2024
Interest receivables	1,553,566,626	1,392,514,125
Investment receivables	1,253,841,473	992,324,597
Other receivables	24,703,961	16,631,794
Total interest and other receivables	2,832,112,060	2,401,470,516
Segregated unit-linked fund assets - other receivables	24,188	22,293
	2,832,136,248	2,401,492,809
Less: allowance for ECLs	(160,729)	(146,445)
	2,831,975,519	2,401,346,364

The carrying values of the above interest and other receivables approximate their estimated fair values.

9 Other assets

	2025	2024
Intangible assets	109,758,466	101,460,479
Prepayments	67,996,891	53,260,463
	177,755,357	154,720,942

Intangible assets are analysed as follows:

	Application software	Work-in-progress	Total
Year ended 31 December 2025			
Opening net book amount	99,459,106	2,001,373	101,460,479
Additions	-	43,219,837	43,219,837
Transfer in/(out)	41,284,475	(41,284,475)	-
Amortisation	(34,921,850)	-	(34,921,850)
Closing net book amount	105,821,731	3,936,735	109,758,466
At 31 December 2025			
Cost	300,213,135	3,936,735	304,149,870
Accumulated amortisation	(194,391,404)	-	(194,391,404)
Net book amount	105,821,731	3,936,735	109,758,466
Year ended 31 December 2024			
Opening net book amount	82,464,464	5,355,955	87,820,419
Additions	-	46,116,846	46,116,846
Transfer in/(out)	48,959,275	(48,959,275)	-
Disposals	-	(512,153)	(512,153)
Amortisation	(31,964,633)	-	(31,964,633)
Closing net book amount	99,459,106	2,001,373	101,460,479
At 31 December 2024			
Cost	258,928,660	2,001,373	260,930,033
Accumulated amortisation	(159,469,554)	-	(159,469,554)
Net book amount	99,459,106	2,001,373	101,460,479

NOTES TO THE FINANCIAL STATEMENTS

10 Cash and bank

	2025	2024
Cash at bank and other financial institutions	8,990,460,465	5,571,517,226
Short-term bank deposits	1,876,694,531	3,336,288,060
Bank deposit with original maturity over three months	5,000,000	5,000,000
	10,872,154,996	8,912,805,286
Segregated unit-linked fund assets		
- cash and bank	835,806	722,415
Less: allowance for ECLs	(1,896,261)	(394,477)
Cash in hand	-	5,000
	10,871,094,541	8,913,138,224

11 Share capital

	2025	2024
Issued and fully paid:		
353,800,000 ordinary shares	3,538,000,000	3,538,000,000

12 Insurance contracts and reinsurance contracts held

12.1 Reconciliation of remaining coverage and incurred claims for insurance contracts issued

Insurance contracts issued	2025				2024			
	LRC				LRC			
	Excluding loss component	*Loss component*	LIC	Total	*Excluding loss component*	*Loss Component*	LIC	Total
Opening insurance contract liabilities	**178,705,423,479**	**1,083,551,521**	**319,481,984**	**180,108,456,984**	**175,050,468,800**	**625,195,096**	**330,764,331**	**176,006,428,227**
Opening insurance contract assets	**(1,954,454)**	**16,727**	**10,000**	**(1,927,727)**	**(5,352,613)**	**4,899**	**3,837,967**	**(1,509,747)**
Net balance as at 1 January	**178,703,469,025**	**1,083,568,248**	**319,491,984**	**180,106,529,257**	**175,045,116,187**	**625,199,995**	**334,602,298**	**176,004,918,480**
Insurance revenue	**(3,385,352,080)**	**-**	**-**	**(3,385,352,080)**	**(2,693,697,160)**	-	-	**(2,693,697,160)**
Insurance service expenses	**1,021,039,275**	**194,188,512**	**623,624,445**	**1,838,852,232**	**619,231,439**	**413,888,689**	**602,248,575**	**1,635,368,703**
Incurred claims and other directly attributable expenses	**-**	(15,165,924)	648,499,903	633,333,979	-	(11,216,123)	607,053,649	595,837,526
Amortisation of IACF	1,021,039,275	**-**	**-**	1,021,039,275	619,231,439	-	-	619,231,439
Changes that relate to past service – changes in the FCF relating to the LIC	**-**	**-**	(24,875,458)	(24,875,458)	-	-	(4,805,074)	(4,805,074)
Losses for the net outflow recognised on initial recognition	-	214,193,863	**-**	214,193,863	-	138,275,329	-	138,275,329
Losses on onerous contracts and reversals of those losses	-	(4,839,427)	**-**	(4,839,427)	-	286,829,483	-	286,829,483
Insurance service result	**(2,364,312,805)**	**194,188,512**	**623,624,445**	**(1,546,499,848)**	**(2,074,465,721)**	**413,888,689**	**602,248,575**	**(1,058,328,457)**
Finance expenses from insurance contracts issued	13,903,541,627	117,569,224	**-**	14,021,110,851	5,586,028,993	53,469,355	-	5,639,498,348
Effect of movements in exchange rates	1,886,386,433	48,715,942	3,367,867	1,938,470,242	(1,712,716,829)	(8,989,791)	(3,385,244)	(1,725,091,864)
Total insurance finance income or expenses	**15,789,928,060**	**166,285,166**	**3,367,867**	**15,959,581,093**	**3,873,312,164**	**44,479,564**	**(3,385,244)**	**3,914,406,484**

12 Insurance contracts and reinsurance contracts held (continued)

12.1 Reconciliation of remaining coverage and incurred claims for insurance contracts issued (continued)

Insurance contracts issued	2025				2024			
	LRC				LRC			
	Excluding loss component	*Loss component*	LIC	Total	*Excluding loss component*	*Loss component*	LIC	Total
Total amounts recognised in comprehensive income	**13,425,615,255**	**360,473,678**	**626,992,312**	**14,413,081,245**	**1,798,846,443**	**458,368,253**	**598,863,331**	**2,856,078,027**
Investment components	**(20,246,065,656)**	**-**	**20,246,065,656**	**-**	**(31,926,945,401)**	**-**	**31,926,945,401**	**-**
Cash flows								
Premiums received	58,065,872,351	-	-	58,065,872,351	37,673,905,149	-	-	37,673,905,149
Claims and other directly attributable expenses paid	-	-	(20,929,393,528)	(20,929,393,528)	-	-	(32,540,919,046)	(32,540,919,046)
IACF	(5,513,701,426)	-	-	(5,513,701,426)	(3,887,453,353)	-	-	(3,887,453,353)
Total cash flows	**52,552,170,925**	**-**	**(20,929,393,528)**	**31,622,777,397**	**33,786,451,796**	**-**	**(32,540,919,046)**	**1,245,532,750**
Net balances as at 31 December	**224,435,189,549**	**1,444,041,926**	**263,156,424**	**226,142,387,899**	**178,703,469,025**	**1,083,568,248**	**319,491,984**	**180,106,529,257**
Closing insurance contract liabilities	224,437,188,074	1,444,002,050	263,145,888	226,144,336,012	178,705,423,479	1,083,551,521	319,481,984	180,108,456,984
- PAA	*(3,184,003)*	*-*	*4,403,000*	*1,218,997*	*(5,274,726)*	*-*	*5,925,684*	*650,958*
- non-PAA	*224,440,372,077*	*1,444,002,050*	*258,742,888*	*226,143,117,015*	*178,710,698,205*	*1,083,551,521*	*313,556,300*	*180,107,806,026*
Closing insurance contract assets	(1,998,525)	39,876	10,536	(1,948,113)	(1,954,454)	16,727	10,000	(1,927,727)
- PAA	*(1,548,214)*	*-*	*-*	*(1,548,214)*	*(1,392,067)*	*-*	*-*	*(1,392,067)*
- non-PAA	*(450,311)*	*39,876*	*10,536*	*(399,899)*	*(562,387)*	*16,727*	*10,000*	*(535,660)*
Net balances as at 31 December	**224,435,189,549**	**1,444,041,926**	**263,156,424**	**226,142,387,899**	**178,703,469,025**	**1,083,568,248**	**319,491,984**	**180,106,529,257**

12 Insurance contracts and reinsurance contracts held (continued)

12.2 Reconciliation of the measurement components of insurance contracts issued (Non-PAA only)

	2025				2024			
Insurance contracts issued	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	**169,639,021,671**	**338,096,591**	**10,130,687,764**	**180,107,806,026**	**166,182,105,178**	**347,209,604**	**9,465,532,827**	**175,994,847,609**
Opening insurance contract assets	**(1,258,306)**	**228,366**	**494,280**	**(535,660)**	**(1,424,111)**	**262,494**	**511,128**	**(650,489)**
Net balance as at 1 January	**169,637,763,365**	**338,324,957**	**10,131,182,044**	**180,107,270,366**	**166,180,681,067**	**347,472,098**	**9,466,043,955**	**175,994,197,120**
Changes that relate to current service								
CSM recognised for the service provided	-	-	(1,499,998,666)	(1,499,998,666)	-	-	(1,351,773,707)	(1,351,773,707)
Change in the risk adjustment for non-financial risk for the risk expired	-	(42,328,329)	-	(42,328,329)	-	(41,215,241)	-	(41,215,241)
Experience adjustments	(166,858,541)	-	-	(166,858,541)	(62,344,082)	-	-	(62,344,082)
	(166,858,541)	**(42,328,329)**	**(1,499,998,666)**	**(1,709,185,536)**	**(62,344,082)**	**(41,215,241)**	**(1,351,773,707)**	**(1,455,333,030)**
Changes that relate to future service								
Contracts initially recognised in the year	(2,756,479,587)	116,765,918	2,853,907,532	214,193,863	(2,057,795,910)	76,135,847	2,119,935,392	138,275,329
Changes in estimates that adjust the CSM	(3,648,533,850)	93,579,774	3,554,954,076	-	183,987,984	(26,957,608)	(157,030,376)	-

12 Insurance contracts and reinsurance contracts held (continued)

12.2 Reconciliation of the measurement components of insurance contract issued (Non-PAA only) (continued)

	2025				2024			
Insurance contracts issued	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non- financial risk**	**CSM**	**Total**
Changes in estimates that result in onerous contract losses or reversals of those losses	(3,354,466)	(1,484,961)	-	(4,839,427)	287,229,569	(400,086)	-	286,829,483
	(6,408,367,903)	**208,860,731**	**6,408,861,608**	**209,354,436**	**(1,586,578,357)**	**48,778,153**	**1,962,905,016**	**425,104,812**
Changes that relate to past service								
Adjustments to LIC	(29,519,098)	-	-	(29,519,098)	(4,805,074)	-	-	(4,805,074)
	(29,519,098)	**-**	**-**	**(29,519,098)**	**(4,805,074)**	**-**	**-**	**(4,805,074)**
Finance expenses/(income) from insurance contracts issued	15,812,153,760	96,721,537	50,884,426	15,959,759,723	3,877,297,334	(16,710,053)	54,006,780	3,914,594,061
Cash flows								
Premiums received	58,035,104,198	-	-	58,035,104,198	37,635,260,606	-	-	37,635,260,606

12 Insurance contracts and reinsurance contracts held (continued)

12.2 Reconciliation of the measurement components of insurance contract issued (Non-PAA only) (continued)

	2025				2024			
Insurance contracts issued	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Claims and other directly attributable expenses paid	(20,917,539,835)	-	-	(20,917,539,835)	(32,516,606,246)	-	-	(32,516,606,246)
IACF	(5,512,527,138)	-	-	(5,512,527,138)	(3,885,141,883)	-	-	(3,885,141,883)
Total cash flows	**31,605,037,225**	**-**	**-**	**31,605,037,225**	**1,233,512,477**	**-**	**-**	**1,233,512,477**
Net balance as at 31 December	**210,450,208,808**	**601,578,896**	**15,090,929,412**	**226,142,717,116**	**169,637,763,365**	**338,324,957**	**10,131,182,044**	**180,107,270,366**
Closing insurance contract liabilities	210,451,323,547	601,322,044	15,090,471,424	226,143,117,015	169,639,021,671	338,096,591	10,130,687,764	180,107,806,026
Closing insurance contract assets	(1,114,739)	256,852	457,988	(399,899)	(1,258,306)	228,366	494,280	(535,660)
Net balance as at 31 December	**210,450,208,808**	**601,578,896**	**15,090,929,412**	**226,142,717,116**	**169,637,763,365**	**338,324,957**	**10,131,182,044**	**180,107,270,366**

12 Insurance contracts and reinsurance contracts held (continued)

12.3 Reconciliation of remaining coverage and incurred claims of reinsurance contracts held

Reinsurance contracts held	2025				2024			
	ARC				ARC			
	Excluding loss-recovery component	*Loss-recovery component*	Assets for incurred Claims	Total	*Excluding loss-recovery component*	*Loss-recovery component*	Assets for incurred claims	Total
Opening reinsurance contract assets	**32,738,973,645**	**288,590,471**	**2,850,323,260**	**35,877,887,376**	**41,938,452,507**	**162,028,961**	**1,691,755,701**	**43,792,237,169**
Opening reinsurance contract liabilities	**44,961,415**	**12,398**	**(73,987,974)**	**(29,014,161)**	**(709,855,727)**	**38,114**	**(4,582,933)**	**(714,400,546)**
Net balance as at 1 January	**32,783,935,060**	**288,602,869**	**2,776,335,286**	**35,848,873,215**	**41,228,596,780**	**162,067,075**	**1,687,172,768**	**43,077,836,623**
Net income from reinsurance contracts held								
Total allocation of premiums paid and total amounts recovered from reinsurance	**112,519,417**	**98,387,195**	**47,450,566**	**258,357,178**	**80,376,838**	**112,769,873**	**75,222,434**	**268,369,145**
CSM recognised for services received	198,520,253	-	-	198,520,253	174,791,644	-	-	174,791,644
Change in risk adjustment for non-financial risk for risk transferred	(5,505,937)	-	-	(5,505,937)	(5,643,468)	-	-	(5,643,468)
Expected recoveries of incurred claims and other insurance service expense	(67,338,282)	-	-	(67,338,282)	(76,492,635)	-	-	(76,492,635)
Total allocation of premiums paid (PAA)	(13,156,617)	-	-	(13,156,617)	(12,278,703)	-	-	(12,278,703)
Recoveries of incurred claims and other insurance service expense	-	276,030	44,591,426	44,867,456	-	(118,050)	49,709,969	49,591,919
Changes related to past service (changes related to incurred claims component)	-	-	2,859,140	2,859,140	-	-	25,512,465	25,512,465
Recoveries of losses on onerous underlying contracts on initial recognition	-	65,805,844	-	65,805,844	-	72,358,690	-	72,358,690

12 Insurance contracts and reinsurance contracts held (continued)

12.3 Reconciliation of remaining coverage and incurred claims of reinsurance contracts held (continued)

Reinsurance contracts held	2025				2024			
	ARC				ARC			
	Excluding loss-recovery component	*Loss-recovery component*	Assets for incurred claims	Total	*Excluding loss-recovery component*	*Loss-recovery component*	Assets for incurred claims	Total
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	32,305,321	-	32,305,321	-	40,529,233	-	40,529,233
Effect of changes in non-performance risk of reinsurers	4,288,466	-	-	4,288,466	4,220,648	-	-	4,220,648
Net income from reinsurance contracts held	**116,807,883**	**98,387,195**	**47,450,566**	**262,645,644**	**84,597,486**	**112,769,873**	**75,222,434**	**272,589,793**
Finance income/(expenses) from reinsurance contracts held	2,014,241,119	49,977,175	85,802,827	2,150,021,121	660,185,272	13,765,921	(83,390,595)	590,560,598
Total amounts recognised in comprehensive income	**2,131,049,002**	**148,364,370**	**133,253,393**	**2,412,666,765**	**744,782,758**	**126,535,794**	**(8,168,161)**	**863,150,391**

12 Insurance contracts and reinsurance contracts held (continued)

12.3 Reconciliation of remaining coverage and incurred claims of reinsurance contracts held (continued)

Reinsurance contracts held	2025				2024			
	ARC				ARC			
	Excluding loss-recovery component	*Loss-recovery component*	Assets for incurred claims	Total	*Excluding loss-recovery component*	*Loss-recovery component*	Assets for incurred claims	Total
Investment components	(9,678,581,951)	-	9,678,581,951	-	(12,207,349,719)	-	12,207,349,719	-
Cash flows								
Net premiums paid	7,212,670,042	-	-	7,212,670,042	3,017,905,241	-	-	3,017,905,241
Recoveries from reinsurance	-	-	(11,231,150,337)	(11,231,150,337)	-	-	(11,110,019,040)	(11,110,019,040)
Total cash flows	**7,212,670,042**	**-**	**(11,231,150,337)**	**(4,018,480,295)**	**3,017,905,241**	-	**(11,110,019,040)**	**(8,092,113,799)**
Net balances as at 31 December	**32,449,072,153**	**436,967,239**	**1,357,020,293**	**34,243,059,685**	**32,783,935,060**	**288,602,869**	**2,776,335,286**	**35,848,873,215**
Closing reinsurance contract assets	32,388,150,594	436,967,239	1,423,532,108	34,248,649,941	32,738,973,645	288,590,471	2,850,323,260	35,877,887,376
Closing reinsurance contract liabilities	60,921,559	-	(66,511,815)	(5,590,256)	44,961,415	12,398	(73,987,974)	(29,014,161)
Net balances as at 31 December	**32,449,072,153**	**436,967,239**	**1,357,020,293**	**34,243,059,685**	**32,783,935,060**	**288,602,869**	**2,776,335,286**	**35,848,873,215**

12 Insurance contracts and reinsurance contracts held (continued)

12.4 Reconciliation of the measurement components of reinsurance contracts held (Non-PAA only)

Reinsurance contracts held	2025				2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening reinsurance contract assets	**36,311,827,164**	**24,403,957**	**(494,806,554)**	**35,841,424,567**	**44,119,836,619**	**23,941,160**	**(387,051,037)**	**43,756,726,742**
Opening reinsurance contract liabilities	**6,379,387**	**7,366,968**	**(26,932,573)**	**(13,186,218)**	**(735,944,548)**	**11,568,546**	**25,803,422**	**(698,572,580)**
Net balance as at 1 January	**36,318,206,551**	**31,770,925**	**(521,739,127)**	**35,828,238,349**	**43,383,892,071**	**35,509,706**	**(361,247,615)**	**43,058,154,162**
Changes that relate to current service								
CSM recognised for the service received	-	-	198,520,253	198,520,253	-	-	174,791,644	174,791,644
Change in the risk adjustment for non-financial risk for the risk expired	-	(5,513,994)	-	(5,513,994)	-	(5,645,579)	-	(5,645,579)
Experience adjustments	(23,822,049)	-	-	(23,822,049)	(29,029,486)	-	-	(29,029,486)
	(23,822,049)	**(5,513,994)**	**198,520,253**	**169,184,210**	**(29,029,486)**	**(5,645,579)**	**174,791,644**	**140,116,579**

12 Insurance contracts and reinsurance contracts held (continued)

12.4 Reconciliation of the measurement components of reinsurance contract held (Non-PAA only) (continued)

Reinsurance contracts held	2025				2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Changes that relate to future service								
Changes in estimates that adjust the CSM	(56,166,578)	1,222,751	54,943,827	-	315,893,450	(2,481,989)	(313,411,461)	-
Contracts initially recognised in the year	826,521,927	4,919,957	(765,636,040)	65,805,844	84,736,344	2,446,877	(14,824,531)	72,358,690
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	33,647,080	2,721,244	-	36,368,324	44,393,722	(55,537)	-	44,338,185
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(4,063,003)	(4,063,003)	-	-	(3,808,952)	(3,808,952)
	804,002,429	**8,863,952**	**(714,755,216)**	**98,111,165**	**445,023,516**	**(90,649)**	**(332,044,944)**	**112,887,923**
Changes that relate to past service								
Changes in FCF re LIC	(584,500)	-	-	(584,500)	19,478,211	-	-	19,478,211

12 Insurance contracts and reinsurance contracts held (continued)

12.4 Reconciliation of the measurement components of reinsurance contract held (Non-PAA only) (continued)

	2025				2024			
Reinsurance contracts held	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Effect of changes in non-performance risk of reinsurers	4,288,466	-	-	4,288,466	4,220,648	-	-	4,220,648
Net income/(expenses) from reinsurance contract held	**783,884,346**	**3,349,958**	**(516,234,963)**	**270,999,341**	**439,692,889**	**(5,736,228)**	**(157,253,300)**	**276,703,361**
Finance income/(expenses) from reinsurance contract held	2,188,315,219	10,585,868	(48,879,948)	2,150,021,139	591,801,341	1,997,447	(3,238,212)	590,560,576
Total amounts recognised in comprehensive income	**2,972,199,565**	**13,935,826**	**(565,114,911)**	**2,421,020,480**	**1,031,494,230**	**(3,738,781)**	**(160,491,512)**	**867,263,937**

12 Insurance contracts and reinsurance contracts held (continued)

12.4 Reconciliation of the measurement components of reinsurance contract held (Non-PAA only) (continued)

	2025				2024			
Reinsurance contracts held								
	Present value of future cash flows	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Cash flows								
	7,189,311,557			7,189,311,557				
Net premium paid		-	-		2,997,923,994	-	-	2,997,923,994
Recoveries from reinsurance	(11,212,492,937)	-	-	(11,212,492,937)	(11,095,103,744)	-	-	(11,095,103,744)
Total cash flows	**(4,023,181,380)**	**-**	**-**	**(4,023,181,380)**	**(8,097,179,750)**	**-**	**-**	**(8,097,179,750)**
Net balance as at 31 December	**35,267,224,736**	**45,706,751**	**(1,086,854,038)**	**34,226,077,449**	**36,318,206,551**	**31,770,925**	**(521,739,127)**	**35,828,238,349**
Closing reinsurance contract assets	35,244,682,138	36,905,307	(1,065,744,762)	34,215,842,683	36,311,827,164	24,403,957	(494,806,554)	35,841,424,567
Closing reinsurance contract liabilities	22,542,598	8,801,444	(21,109,276)	10,234,766	6,379,387	7,366,968	(26,932,573)	(13,186,218)
Net balance as at 31 December	**35,267,224,736**	**45,706,751**	**(1,086,854,038)**	**34,226,077,449**	**36,318,206,551**	**31,770,925**	**(521,739,127)**	**35,828,238,349**

12 Insurance contracts and reinsurance contracts held (continued)

12.5 Impact of contracts recognised in the year

Insurance contracts issued measured under the GMM and VFA

	Year ended 31 December 2025			Year ended 31 December 2024		
	Non-onerous contracts originated	Onerous contracts originated	Total	Non-onerous contracts originated	Onerous contracts originated	Total
Estimates of present value of future cash outflows						
- IACF	5,420,153,758	735,853,762	6,156,007,520	3,733,045,001	452,909,782	4,185,954,783
- Claims and other directly attributable expenses	37,594,346,667	10,550,662,642	48,145,009,309	24,801,501,378	7,754,008,602	32,555,509,980
Estimates of the present value of future cash outflows	43,014,500,425	11,286,516,404	54,301,016,829	28,534,546,379	8,206,918,384	36,741,464,763
Estimates of the present value of future cash inflows	(45,966,096,828)	(11,091,399,588)	(57,057,496,416)	(30,719,882,063)	(8,079,378,610)	(38,799,260,673)
Risk adjustment for non-financial risk	97,688,871	19,077,047	116,765,918	65,400,292	10,735,555	76,135,847
CSM	2,853,907,532	-	2,853,907,532	2,119,935,392	-	2,119,935,392
Losses recognised on initial recognition	-	214,193,863	214,193,863	-	138,275,329	138,275,329

Reinsurance contracts held measured under the GMM

	Year ended 31 December 2025			Year ended 31 December 2024		
	Contracts originated not in a net gain	Contracts originated in a net gain	Total	Contracts originated not in a net gain	Contracts originated in a net gain	Total
Estimates of the present value of future cash inflows	3,464,005,943	3,768,793,935	7,232,799,878	110,992,196	2,280,490,734	2,391,482,930
Estimates of the present value of future cash outflows	(4,181,219,653)	(3,878,102,152)	(8,059,321,805)	(116,368,709)	(2,359,850,565)	(2,476,219,274)
Risk adjustment for non-financial risk	(3,534,448)	(1,385,509)	(4,919,957)	(1,512,000)	(934,877)	(2,446,877)
CSM	720,748,158	44,887,882	765,636,040	6,888,513	7,936,018	14,824,531
Income recognised on initial recognition	-	(65,805,844)	(65,805,844)	-	(72,358,690)	(72,358,690)

12 Insurance contracts and reinsurance contracts held (continued)

12.6 The revenue and CSM by transition method

Insurance contracts issued measured under the GMM and VFA	2025			2024		
	Contracts recognised after the transition date	Contracts measured under the fair value approach at transition	Total	Contracts recognised after the transition date	Contracts measured under the fair value approach at transition	Total
Insurance revenue	**2,131,048,875**	**1,225,731,837**	**3,356,780,712**	**1,132,212,368**	**1,531,337,689**	**2,663,550,057**
CSM as at 1 January	**4,751,266,437**	**5,379,915,607**	**10,131,182,044**	**2,603,003,856**	**6,863,040,099**	**9,466,043,955**
Changes that relate to current service						
CSM recognised for the services provided	(734,981,969)	(765,016,697)	(1,499,998,666)	(318,327,088)	(1,033,446,619)	(1,351,773,707)
Changes that relate to future service						
Changes in estimates that adjust the CSM	3,133,611,239	421,342,837	3,554,954,076	428,249,794	(585,280,170)	(157,030,376)
Contracts initially recognised in the year	2,853,907,532	-	2,853,907,532	2,119,935,392	-	2,119,935,392
Finance (income)/expenses from insurance contract issued	(23,702,206)	74,586,632	50,884,426	(81,595,517)	135,602,297	54,006,780
CSM as at 31 December	**9,980,101,033**	**5,110,828,379**	**15,090,929,412**	**4,751,266,437**	**5,379,915,607**	**10,131,182,044**

12 Insurance contracts and reinsurance contracts held (continued)

12.6 The revenue and CSM by transition method (continued)

Reinsurance contracts held measured under the GMM	2025			2024		
	Contracts recognised after the transition date	Contracts measured under the fair value approach at transition	Total	Contracts recognised after the transition date	Contracts measured under the fair value approach at transition	Total
CSM as at 1 January	**(244,881,063)**	**(276,858,064)**	**(521,739,127)**	**(224,074,563)**	**(137,173,052)**	**(361,247,615)**
Changes that relate to current service						
CSM recognised for the services received	80,514,514	118,005,739	198,520,253	71,208,258	103,583,386	174,791,644
Changes that relate to future service						
Changes in estimates that adjust the CSM	138,966,396	(84,022,569)	54,943,827	(69,482,659)	(243,928,802)	(313,411,461)
Contracts initially recognised in the year	(765,636,040)	-	(765,636,040)	(14,824,531)	-	(14,824,531)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(4,023,642)	(39,361)	(4,063,003)	(167,380)	(3,641,572)	(3,808,952)
Finance (expenses)/income from reinsurance contracts held	(37,625,097)	(11,254,851)	(48,879,948)	(7,540,188)	4,301,976	(3,238,212)
CSM as at 31 December	**(832,684,932)**	**(254,169,106)**	**(1,086,854,038)**	**(244,881,063)**	**(276,858,064)**	**(521,739,127)**

12 Insurance contracts and reinsurance contracts held (continued)

12.7 Expected release of the CSM

An analysis of the expected release of the CSM remaining at the end of the reporting period in profit or loss after the reporting date is provided in the following table:

	2025							
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	6-10 years	More than 10 years	Total
Insurance contracts issued	1,080,522,617	1,014,308,733	945,564,632	869,158,951	781,534,700	3,132,999,928	7,266,839,851	15,090,929,412
Reinsurance contracts held	137,464,786	101,033,202	71,067,255	49,987,554	41,580,691	148,043,229	537,677,321	1,086,854,038

	2024							
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	6-10 years	More than 10 years	Total
Insurance contracts issued	850,961,265	763,356,477	690,677,985	628,724,354	555,754,989	2,102,761,605	4,538,945,369	10,131,182,044
Reinsurance contracts held	138,178,665	93,715,765	61,788,148	47,246,330	37,025,900	90,101,530	53,682,789	521,739,127

The amounts included in the table disclosure include projections of the CSM recognition for the services that will be provided or received in the future for the contracts in force as at the reporting date, but do not take account of future interest accretion under the GMM and future adjustments of the CSM reflecting changes in the variable fee for contracts under the VFA.

12 Insurance contracts and reinsurance contracts held (continued)

12.8 Financial investment for direct participating contracts

The Company manages its assets and liabilities within ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Company periodically produces reports that are circulated to the Company's key management personnel. The principal technique of the Company's ALM is to match assets to liabilities arising from insurance and investment contracts.

The following table sets out the composition and the carrying amount of the financial investments matched for direct participating contracts:

	2025		2024	
	GMM	**VFA**	**GMM**	**VFA**
Underlying assets				
Financial assets				
– Debt securities	32,001,460,392	82,814,008,696	34,032,291,161	65,096,959,865
– Structured notes	1,426,102,478	10,361,172,531	410,836,129	6,846,444,094
– Equity securities	29,908,508	5,024,068,277	-	4,889,364,339
– Fund	5,593,937,685	43,060,032,903	3,060,506,759	18,263,112,726
– Segregated unit-linked fund assets	-	524,772,495	-	430,326,735
	39,051,409,063	141,784,054,902	37,503,634,049	95,526,207,759
Other investments				
Financial assets				
– Derivative financial (liabilities)/assets	(47,619,806)	(136,348,453)	5,709,483	(170,529,179)
Total investment assets (excluding cash and cash equivalents)	39,003,789,257	141,647,706,449	37,509,343,532	95,355,678,580

13 Trade payables and other liabilities

	2025	2024
Direct underwriting	506,072,587	385,342,819
Investment	179,836,680	135,580,238
Accrued asset management fee	198,572,549	161,363,799
Lease liabilities	63,136,005	60,626,705
Others	147,240,249	213,283,571
	1,094,858,070	956,197,132

14 Borrowings

	2025	2024
Borrowings	2,076,857,552	3,305,461,391

As at 31 December 2025, the borrowings were carried at interest rate ranged from 2.20% to 3.10% per annum (2024: 4.48% to 8.83% per annum), due in 2026 (2024: due in 2025).

15 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts offset are as follows:

	2025	2024
Deferred tax assets:		
- deferred income tax to be charged after 12 months	(606,891)	(545,924)
- deferred income tax to be recovered within 12 months	1,906,534,251	995,171,203
Deferred tax assets	1,905,927,360	994,625,279

The movement on the deferred income tax account is as follows:

	2025	2024
At beginning of the year	994,625,279	842,470,363
(Charge)/credit to the income statement (Note 25)		
- accelerated tax depreciation	(825,110)	(2,626,669)
- unused tax loss	-	(163,475,249)
- net insurance liability and financial investment	997,329,499	183,254,277
(Charge)/credit to other comprehensive income	(85,202,308)	135,002,557
At end of the year	1,905,927,360	994,625,279

15 Deferred taxation (continued)

	2025	2024
Deferred tax (liabilities)/assets of temporary differences arising from:		
- Accelerated tax depreciation	(12,514,499)	(11,689,389)
- Withholding tax on investments	39,322,112	39,322,112
- Fair value change of financial investments	3,458,963	20,340,293
- Net insurance liabilities	1,875,660,784	946,652,263
Net deferred tax assets	1,905,927,360	994,625,279

16 Insurance revenue

	Year ended 31 December	
	2025	**2024**
Contracts not measured under the PAA		
Amounts relating to the changes in the LRC		
- Expected incurred claims and other directly attributable expenses	744,862,306	623,821,443
- Change in the risk adjustment for non-financial risk	41,274,995	40,397,538
- CSM recognised for the services provided	1,499,998,666	1,351,773,707
- Experience adjustments – arising from premiums received in the year other than those related to future service	50,696,179	28,570,845
IACF recovery	1,019,948,566	618,986,524
	3,356,780,712	2,663,550,057
Contracts measured under the PAA	28,571,368	30,147,103
Total insurance revenue	3,385,352,080	2,693,697,160

17 Net investment income

	Year ended 31 December	
	2025	**2024**
Interest income calculated using the effective interest method		
- interest income from financial investments at AC	90,982,337	100,064,893
- interest income from financial assets measured at FVOCI	1,639,994,965	2,001,147,336
- interest income from banks and custodians	49,570,175	39,797,357
	1,780,547,477	2,141,009,586
Other interest income		
- interest income from financial assets measured at FVTPL (mandatory)	1,221,076,195	1,500,044,134
- interest income from financial assets at FVTPL (designated)	2,343,297,125	1,499,073,764
	3,564,373,320	2,999,117,898
Interest expenses from currency swap contracts	(1,664,408)	(19,598,008)
Other investment income/(losses)		
Dividend and distribution income from		
- financial assets measured at FVTPL (mandatory)	481,076,813	331,075,912
- financial assets designated at FVOCI held at the end of the reporting period	3,286,223	3,291,795
- financial assets designated at FVOCI derecognised during the reporting period	-	3,502,353
- segregated unit-linked fund assets	26,804,618	-
Net gains/(losses) on		
- financial assets mandatorily measured at FVTPL		
- from segregated unit-linked fund assets	68,916,305	30,022,024
- from others	7,002,176,524	1,530,210,129
- financial assets designated at FVTPL	803,932,233	(2,286,955,864)
- financial assets measured at FVOCI	(256,824,297)	(122,645,398)
- derivatives	(396,205,923)	(521,729,287)
Change in allowance for ECLs	12,652,448	545,449
Investment expenses	(32,438,559)	(75,044,028)
Fund rebate income	5,505,654	-
Exchange difference	646,845,559	(1,495,423,079)
Other investment income/(losses)	8,365,727,598	(2,603,149,994)
	13,708,983,987	2,517,379,482

NOTES TO THE FINANCIAL STATEMENTS

18 Net insurance finance result

	Year ended 31 December	
	2025	**2024**
Finance expenses from insurance contracts issued		
Interest accreted	(2,298,702,297)	(2,880,294,170)
The effect of financial risk and changes in financial risk	(123,670,696)	(1,525,653,208)
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	(1,938,470,242)	1,725,091,864
Changes in fair value of underlying items of contracts measured under VFA	(11,598,737,858)	(1,233,550,970)
Finance expenses from insurance contracts issued	(15,959,581,093)	(3,914,406,484)
Represented by:		
Amounts recognised in income statement	(15,797,211,102)	(2,192,859,993)
Amounts recognised in other comprehensive income	(162,369,991)	(1,721,546,491)
	(15,959,581,093)	(3,914,406,484)
Finance income from reinsurance contracts held		
Interest accreted	947,205,003	1,011,046,974
The effect of financial risk and changes in financial risk	1,256,041	546,610,295
Foreign exchange differences on changes in the carrying amount of groups of reinsurance contracts held	1,201,560,077	(967,096,671)
Finance income from reinsurance contracts held	2,150,021,121	590,560,598
Represented by:		
Amounts recognised in income statement	2,278,963,944	53,459,094
Amounts recognised in other comprehensive income	(128,942,823)	537,101,504
	2,150,021,121	590,560,598

19 Change in allowance for ECLs recognised in income statement

	Year ended 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Due from banks	1,509,625	-	-	1,509,625
Interest and other receivables	16,431	-	-	16,431
Debt securities measured at FVOCI	(13,805,686)	-	-	(13,805,686)
Debt securities measured at AC	(372,818)	-	-	(372,818)
Net reversal of allowance for ECLs	(12,652,448)	-	-	(12,652,448)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Due from banks	388,543	-	-	388,543
Interest and other receivables	51,806	-	-	51,806
Debt securities measured at FVOCI	(1,389,819)	-	-	(1,389,819)
Debt securities measured at AC	404,021	-	-	404,021
Net reversal of allowance for ECLs	(545,449)	-	-	(545,449)

20 Other operating income

	Year ended 31 December	
	2025	**2024**
Income from trailer fee, fund rebate and other fee income	7,184,683	9,825,944
Other income	638,763	916,910
Total other operating income	7,823,446	10,742,854

21 Insurance service expenses

	Year ended 31 December	
	2025	**2024**
Incurred claims and other directly attributable expenses	633,333,979	595,837,526
Amortisation of IACF	1,021,039,275	619,231,439
Changes that relate to past service - changes in the FCF relating to the LIC	(24,875,458)	(4,805,074)
Losses for the net outflow recognised on initial recognition	214,193,863	138,275,329
Losses on onerous contracts and reversals of those losses	(4,839,427)	286,829,483
Insurance service expenses	1,838,852,232	1,635,368,703

22 Total expenses

	Year ended 31 December	
	2025	**2024**
Claims and benefits	124,843,307	149,012,700
Fees and commissions	5,199,511,024	3,522,999,645
Losses on onerous contracts and reversal of those losses	209,354,436	425,104,812
Employee benefit expense	462,446,140	433,873,579
Depreciation and amortisation	88,704,324	85,547,599
Interest expense – lease liabilities	1,927,672	2,975,273
Short-term leases	669,354	892,998
Auditor's remunerations	3,291,808	5,795,000
Advertising and promotion expense	42,202,843	71,081,139
Investment management expense	217,090,437	186,071,568
Other expenses	230,563,711	175,522,765
Total	6,580,605,056	5,058,877,078
Amounts attributable to IACF	(5,661,833,627)	(3,940,729,734)
Amortisation of IACF	1,021,039,275	619,231,439
	1,939,810,704	1,737,378,783
Represented by		
Insurance service expenses	1,838,852,232	1,635,368,703
Management and operating expenses (Note)	100,958,472	102,010,080
	1,939,810,704	1,737,378,783

Note: Management and operating expenses represent expenses that are not directly attributable to insurance contracts issued and reinsurance contracts held, including some general expenses and investment management expenses.

NOTES TO THE FINANCIAL STATEMENTS

23 Directors' emoluments

	Year ended 31 December	
	2025	**2024**
Fees	1,650,000	1,650,000
Pensions	468,132	285,848
Other emoluments	7,423,106	7,055,808
	9,541,238	8,991,656

No other emoluments were paid to or receivable by any director in respect of directors' other services in connection with management of the affairs of the Company during the year ended 31 December 2025 (2024: Nil).

No termination payments or benefits were made to the directors and no consideration was provided to or receivable by third parties for making available directors' services during the year (2024: Nil).

24 Other finance costs

Other finance costs mainly represent the interest expenses on borrowings.

25 Taxation

	Year ended 31 December	
	2025	**2024**
Hong Kong profits tax		
Current tax expenses	1,030,895,841	93,105,321
Over-provision in prior years	(36,001,805)	-
Deferred tax credit (Note 15)	(996,504,389)	(17,152,359)
	(1,610,353)	75,952,962
Foreign withholding tax:		
Current tax expenses	15,097,012	12,084,714
Tax expenses	13,486,659	88,037,676

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The Company is within the scope of the Organisation for Economic Cooperation and Development's Pillar Two model rules. The Hong Kong government has gazetted the Pillar Two legislations which is effective retroactively from 1 January 2025. Under the Pillar Two legislation enacted in Hong Kong, the Company is part of Bank of China Group assessment and may be affected by any resulting liability allocated to Hong Kong entities to pay a top-up tax for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate and the 15% minimum rate.

Bank of China Group has assessed that its Hong Kong tax jurisdiction's potential exposure to Pillar Two income taxes based on the information available regarding the financial performance for financial years 2025 and 2024. Based on the assessment, there shall not be related additional current tax expense. The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 "Income Taxes" issued in July 2023.

25 Taxation (continued)

The taxation on the Company's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2024: 16.5%):

	2025	2024
Profit before taxation	1,821,326,243	1,479,329,061
Calculated at a tax rate of 16.5% (2024:16.5%)	300,518,830	244,089,295
Tax effect of:		
- Income not taxable	(272,012,885)	(176,017,639)
- Expenses not deductible	5,885,507	7,881,306
- Foreign withholding tax	15,097,012	12,084,714
Over-provision in prior years	(36,001,805)	-
Tax expenses	13,486,659	88,037,676

The tax charge/(credit) relating to components of other comprehensive income is as follows:

	2025			2024		
	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
Fair value gains/(losses) and release of fair value change upon disposal on debt and equity instruments measured at FVOCI	1,601,148,694	(114,429,273)	1,486,719,421	127,017,366	(35,138,507)	91,878,859
Finance (expenses)/income from insurance contracts issued	(162,369,991)	26,791,048	(135,578,943)	(1,721,546,491)	284,055,171	(1,437,491,320)
Finance (expenses)/income from reinsurance contracts held	(128,942,823)	21,275,566	(107,667,257)	537,101,504	(88,621,748)	448,479,756

26 Dividends

A dividend of HK$0.15 per share (2024: HK$0.1414 per share), totaling HK$53,070,000 final dividend for the year ended 31 December 2024 was paid to the shareholders whose name appeared on the Register of Members of the Company on 31 December 2024. The dividend was paid on 26 June 2025. There is no interim dividend for 2025.

A final dividend in respect of the year ended 31 December 2025 of HK$0.1979 per share, amounting to a total dividend of HK$70,017,020, to be proposed at the Annual General Meeting of the Company. These financial statements do not reflect this dividend payable.

	2025	2024
Final dividend in respect of prior financial year, approved and paid during the year	53,070,000	50,027,320

NOTES TO THE FINANCIAL STATEMENTS

27 Notes to the cash flow statement

Reconciliation of profit before taxation to net cash flows generated from operating activities

	Year ended 31 December	
	2025	**2024**
Profit before taxation	1,821,326,243	1,479,329,061
Adjustment for:		
Depreciation and amortisation	88,704,324	85,547,599
Loss on disposals of property and equipment	878	12,684
Loss on disposals of intangible assets	-	512,153
Gain on disposal of subsidiary	-	(703,341)
Tax (paid)/refund	(166,563,132)	19,207,582
Interest expenses from borrowings	88,206,561	159,832,853
Change in allowance for ECLs	(12,652,448)	(545,449)
Release upon derecognition of debt securities measured at FVOCI	256,824,297	122,645,398
Change in FVTPL financial assets	(48,848,080,648)	(20,370,792,955)
Change in AC financial assets	169,722,684	344,938,569
Change in FVOCI financial assets	2,684,141,976	12,494,570,677
Change in segregated unit-linked fund assets	(94,447,655)	(63,427,848)
Change in interest and other receivables and other assets	(445,380,119)	(316,482,615)
Change in insurance and reinsurance contract assets/liabilities	47,350,359,358	10,146,129,198
Change in derivative financial instruments	28,935,560	72,011,389
Change in trade payables and other liabilities	136,151,638	155,453,984
Change in investment in an associate	388,276,150	(22,377,347)
Change in investment in subsidiary	-	117,055
Net cash flows generated from operating activities	3,445,525,667	4,305,978,647
Cash flows from operating activities included:		
- Interest received	5,196,648,951	5,418,846,758
- Interest paid	15,024,641	326,172,234
- Dividend received	476,218,168	336,812,478

28 Contingencies and commitments

The Company, like all other insurers, is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material impact on its profit or loss and financial condition.

The Company has HK$16,158,167,775 (2024: HK$7,496,219,611) outstanding commitments in existing private equity and private debt fund investments. The commitments are payable on demand.

29 Significant related-party transactions

The Company is subject to ultimate control of the State Council of the PRC Government through CIC, its wholly-owned subsidiary Central Huijin Investment Ltd. ("Central Huijin"), and Bank of China Ltd. ("BOC") in which Central Huijin has controlling equity interests.

(a) Transactions with government authorities, agencies, affiliates and other state-controlled entities

The Company is subject to the control of the State Council of the PRC Government through CIC and Central Huijin, which also directly and indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state-controlled entities. The Company enters into various transactions with government authorities, agencies, affiliates and other state-controlled entities in the normal course of business at commercial terms.

The transactions include, but are not limited to, the following:

- sales, purchase and redemption of bonds issued by other state-controlled entities
- sales and purchase of securities issued by other state-controlled entities

(b) Transactions with the parent companies and the other companies controlled by the parent companies

General information of the parent companies:

The Company is controlled by BOC via BOC Hong Kong (Holdings) Limited. Central Huijin is the controlling entity of BOC, and it is a wholly-owned subsidiary of CIC which is a wholly state-owned company engaging in foreign currency investment management.

Central Huijin has controlling interests in certain other entities in the PRC Government.

The Company enters into several transactions with these entities in the normal course of business which include insurance and reinsurance contracts, investment securities, banking and servicing transactions. The income/(expenses) and balances with related parties are associated with subsidiaries of BOC and are summarised as follows:

(i) Transactions:

	Year ended 31 December	
	2025	**2024**
Fellow subsidiaries:		
Interest income from currency swaps at FVTPL	-	139,037,587
Interest expenses from currency swaps at FVTPL	-	(152,497,475)
Investment (losses)/gains from derivative financial instruments	(107,377,238)	10,195,994
Interest expenses on borrowings	(80,236,489)	(141,257,407)
Commission paid	(3,528,952,451)	(2,570,371,769)
Service expenses paid	(212,670,635)	(276,254,230)

All related party transactions were entered under normal course of business at prices and terms as mutually agreed by the parties involved.

29 Significant related-party transactions (continued)

(b) Transactions with the parent companies and the other companies controlled by the parent companies (continued)

(ii) Balance sheet items:

	2025	2024
Fellow subsidiaries:		
Borrowings	2,076,857,552	3,055,183,993
Bank deposits	8,108,072,129	7,414,412,682
Derivative financial assets	18,558,561	17,740,396
Derivative financial liabilities	121,388,619	13,193,216
Financial assets – Debt securities including accrued interests	585,695,700	552,311,352

(iii) Key management compensation

	Year ended 31 December	
	2025	2024
Salaries and other short-term employee benefits	35,680,160	30,670,188