



安達人壽保險香港有限公司
CHUBB LIFE INSURANCE HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

Directors' Report and Financial Statements

For the year ended
31 December 2024

REPORT OF DIRECTORS

The Board of Directors has pleasure in presenting its report and audited financial statements for the financial year ended 31 December 2024.

Principal activity

The principal activity of Chubb Life Insurance Hong Kong Limited (“the Company”) is to carry on life and annuity, linked long term, permanent health, and retirement scheme management category III insurance business in Hong Kong.

The Company’s registered office is 35/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong SAR.

There was no change in principal activity of the Company during the year.

Results and appropriations

The results of the Company for the year are set out in the statement of profit or loss and other comprehensive income on page 9.

The directors do not recommend the payment of a shareholder dividend.

Reserves

Movements in the reserves of the Company during the year are set out on page 10 of the financial statements.

Property, plant and equipment

Details of the movements in property, plant and equipment are set out in Note 5 to the financial statements.

Share capital

Details of the movements in share capital of the Company are set out in Note 10 to the financial statements.

Directors and controllers

Directors of the Company during the year and up to the date of this report were:

Directors

Au Belinda Ming Yee
Eric Victor L.K.C. Ng Tung Hing
Leung Lok Shuen Rockson

Independent non-executive directors

Alan Leslie May (Chairman)
Peter James Crewe

There being no provision in the Company's Articles of Association for retirement by rotation, all current directors continue in office.

REPORT OF THE DIRECTORS

Directors and controllers (continued)

During the same period, the controllers (within the meaning of Section 9 of the Hong Kong Insurance Ordinance) were as follows:

Chubb Limited
Chubb Group Holdings Inc
Chubb INA Holdings LLC
INA Corporation
Chubb INA International Holdings Limited
Chubb INA Overseas Holdings Inc
Chubb International Investments Limited
Au Belinda Ming Yee

Directors' and controllers' interests

Fees and other forms of remuneration paid to directors for the year, amounted to HK\$1,179,750 and HK\$15,385,000 respectively.

During 2024, the Company did not advance any loans, transfer any property or assume any obligations on behalf of any controller or any director or his nominees or associates (within the meaning of Section 9 of the Hong Kong Insurance Ordinance).

Except for those stated above, note 23 and note 26, on 31 December 2024, to the best of our knowledge, neither any controller nor any director had, at that date or at any other time during the year then ended:

- any contracts of significance to which the Company, its fellow subsidiaries or its holding company was a party, and in which any Controller or Director of the Company had a material interest; or
- any arrangement to which the Company, its fellow subsidiaries, or its holding company was a party, that enabled him to receive benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, apart from the share-based incentive program.
- share-based compensation programs available to certain Directors of the Company are the restricted share grant plan, restricted share option plan and employee share purchase plan.

Management contracts

The following agreement for management and administration services remain effective:

A Statement of Work dated 1 June 2022 ("SOW") was entered into between Genpact (UK) Limited ("Genpact") (as the service provider) and Chubb Life Insurance Company Limited ("CLICL") (as the service recipient), pursuant to an Amended and Restated Master Services Agreement entered into between Genpact (as the service provider) and Chubb INA Holdings Inc. (as the service recipient), effective as of 1 November 2019. The Company was added as a party to the SOW with effect from 1 July 2023 pursuant to a Supplemental and Novation Agreement dated 9 June 2023 entered into between Genpact, CLICL and the Company ("Novation"); and pursuant to the Novation, all of CLICL's rights obligations and liabilities were novated to the Company as of 1 December 2023. Furthermore, the parties entered into a Change Order Form dated 12 October 2023 under which the SOW term was extended to now expire on 30 September 2028.

REPORT OF THE DIRECTORS

Management contracts (continued)

The intercompany agreements for reimbursement of cost of services are as follows:

1. Services agreement dated 19 March 2024, entered into between the Company (as service provider) and Chubb Life Asia Services Limited ("CLAS") (as service recipient), effective as of 1 December 2023
2. Services agreement dated 19 March 2024, entered into between CLAS (as service provider) and the Company (as service recipient), effective as of 1 December 2023

Reinsurance

For life business, the Company has reinsurance arrangements with Hannover Rück SE Hong Kong Branch ("Hannover"), RGA Reinsurance Company Hong Kong ("RGA"), Swiss Reinsurance Company Ltd. Hong Kong Branch ("Swiss"), Munich Reinsurance Company Hong Kong Branch and Singapore Branch, SCOR Reinsurance Company (Asia) Limited, China Life Reinsurance Company Limited, Taiping Reinsurance Company Limited and AIA Everest Life Company Limited.

In addition to the life business, the Company also has reinsurance arrangements for its accident and health products with Swiss, Hannover, General Reinsurance AG Hong Kong Branch, Munich Reinsurance Company Hong Kong Branch, RGA, SCOR SE Singapore Branch and Cigna Global Reinsurance Company Ltd.

For catastrophe reinsurance, the Company has an excess of loss reinsurance arrangement with Chubb Tempest Reinsurance Ltd, which is renewable on an annual basis.

Permitted indemnity provisions

The Company's ultimate holding company, Chubb Limited, has arranged appropriate director's and officer's liability insurance coverage for the directors who served during the year.

Auditors

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

On behalf of the Board



Au Belinda Ming Yee
Director and President
29 April 2025

Independent Auditor's Report

To the Members of Chubb Life Insurance Hong Kong Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of Chubb Life Insurance Hong Kong Limited (the "Company"), which are set out on pages 8 to 108, comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

To the Members of Chubb Life Insurance Hong Kong Limited
(incorporated in Hong Kong with limited liability)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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.

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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

To the Members of Chubb Life Insurance Hong Kong Limited
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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 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.



PricewaterhouseCoopers
Certified Public Accountants

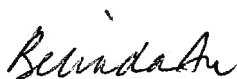
Hong Kong, 29 April 2025

STATEMENT OF FINANCIAL POSITION

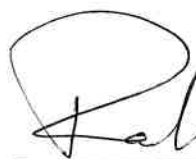
		As at 31 December 2024	As at 31 December 2023
	Notes	HK\$'000	HK\$'000
ASSETS			
Property, plant and equipment	5	53,553	53,589
Right-of-use assets	5	179,784	122,697
Intangible assets	6	172,478	98,029
Financial instruments	7		
Debt securities - Fair value through profit or loss		23,199,330	25,996,580
Debt securities - Fair value through other comprehensive income		3,178,653	208,445
Equity securities - Fair value through profit or loss		3,617,656	2,657,053
Unit trusts - Fair value through profit or loss		-	9,738
Unit linked funds - Fair value through profit or loss		4,041,201	4,034,292
Derivative Assets		36,449	-
Insurance contract assets	11	327,682	10,266
Reinsurance contract assets	11	1,084,593	375,473
Loans and receivables	8	636,317	628,275
Deferred tax assets		-	3,391
Cash and cash equivalents	9	935,857	1,180,782
TOTAL ASSETS		37,463,553	35,378,610
LIABILITIES			
Insurance contract liabilities	11	28,758,944	33,152,264
Reinsurance contract liabilities	11	349,715	11,694
Investment contract liabilities	12	659,604	658,528
Current tax liabilities	24	31,075	19,646
Derivative liabilities	7	559,814	418,666
Lease liabilities		186,527	127,677
Trade and other payables	13	913,349	537,232
TOTAL LIABILITIES		31,459,028	34,925,707
EQUITY			
Share capital	10	200,532	200,532
Additional paid-in capital		1,914,741	1,914,741
Investment revaluation reserve		(53,198)	(3,480)
Merger reserve		2,136,569	2,136,569
Share-based payments reserve		11,734	8,802
Retained earnings/(Accumulated losses)		1,794,147	(3,804,261)
TOTAL EQUITY		6,004,525	452,903
TOTAL EQUITY AND LIABILITIES		37,463,553	35,378,610

The notes on pages 13 to 108 are an integral part of these financial statements.

The financial statements was approved by the Board of Directors for issue on 29 April 2025 and were signed on behalf by:



Au Belinda Ming Yee
Director and President



Leung Lok Shuen Rockson
Director

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER**

	Notes	2024 HK\$'000	2023 HK\$'000
Insurance revenue	14	5,450,379	832,294
Insurance service expenses	14	(2,083,805)	(1,806,131)
Net gain expenses from reinsurance contracts held	14	68,259	(35,788)
Insurance service result		<u>3,434,833</u>	<u>(1,009,625)</u>
Net insurance finance income/(expenses)	15	1,872,154	(2,678,841)
Net insurance result		<u>5,306,987</u>	<u>(3,688,466)</u>
Investment income	17	1,167,931	1,201,122
Net (losses)/gains on financial assets	18	(445,043)	1,461,541
Net investment income		<u>722,888</u>	<u>2,662,663</u>
Fee income	19	26,393	18,434
Other operating income	20	48,974	90,611
Other income		<u>75,367</u>	<u>109,045</u>
Investment contract benefits	21	(2,421)	(25,434)
Staff costs	22	168,729	102,456
Other operating expenses	22	304,673	158,140
Total Expenses		<u>470,981</u>	<u>235,162</u>
Profit/(Loss) before income tax		5,634,261	(1,151,920)
Income tax expense	24	35,853	34,075
Profit/(Loss) for the year		<u>5,598,408</u>	<u>(1,185,995)</u>
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Net change in fair value of financial assets		(49,718)	(338)
Other comprehensive income for the year		<u>(49,718)</u>	<u>(338)</u>
Total comprehensive income for the year		<u>5,548,690</u>	<u>(1,186,333)</u>

The notes on pages 13 to 108 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

	<u>Share Capital</u>	<u>Additional Paid-in Capital</u>	<u>Merger Reserve</u>	<u>Share- based Payments Reserve</u>	<u>Retained profits/ accumulated Losses</u>	<u>Investment Revaluation Reserve</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023, as previously reported	200,532	1,914,741	2,136,569	6,103	602,425	(2,508,107)	2,352,263
HKFRS 9 opening adjustment	-	-	-	-	(3,220,691)	2,504,965	(715,726)
At 1 January 2023, as restated	200,532	1,914,741	2,136,569	6,103	(2,618,266)	(3,142)	1,636,537
Comprehensive income for the year							
Loss for the year	-	-	-	-	(1,185,995)	-	(1,185,995)
Other comprehensive income							
Net change in fair value of financial assets	-	-	-	-	-	(338)	(338)
Total comprehensive income for the year	-	-	-	-	(1,185,995)	(338)	(1,186,333)
Share-based payment arrangement	-	-	-	2,699	-	-	2,699
At 31 December 2023	200,532	1,914,741	2,136,569	8,802	(3,804,261)	(3,480)	452,903
Comprehensive income for the year							
Profit for the year	-	-	-	-	5,598,408	-	5,598,408
Other comprehensive income							
Net change in fair value of financial assets	-	-	-	-	-	(49,718)	(49,718)
Total comprehensive income for the year	-	-	-	-	5,598,408	(49,718)	5,548,690
Share-based payment arrangement	-	-	-	2,932	-	-	2,932
At 31 December 2024	200,532	1,914,741	2,136,569	11,734	1,794,147	(53,198)	6,004,525

The notes on pages 13 to 108 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Profit/ (Loss) for the year		5,634,261	(1,151,920)
Adjustments for			
Depreciation charged	5	63,698	57,783
HKFRS 9 restatement		-	(715,726)
Amortisation of intangible assets	6	14,090	2,602
Interest expenses on leases		1,805	449
Net gains / (losses) on financial assets	18	445,043	(1,461,541)
Share based payments		2,932	2,699
Insurance finance (income)/ expenses	15	(1,872,154)	2,678,841
Dividend received on financial assets	17	(70,246)	(48,496)
Interest received on financial assets	17	(1,062,251)	(1,152,520)
Tax paid		(21,033)	(46,075)
Insurance revenue	14	(5,450,379)	(832,294)
Insurance service expense	14	1,394,098	877,728
Net expenses from reinsurance contracts held	14	78,471	249,599
Operating losses before working capital changes		(841,665)	(1,538,871)
(Increase)/ decrease in other receivables		(8,042)	91,761
(Increase)/ decrease in derivative asset		(143,646)	51,000
Decrease in financial assets - unit-link fund		238,628	194,857
(Increase) in Insurance contract assets		(317,416)	(6,543)
(Increase) in reinsurance contract assets		(675,964)	(310,150)
Increase/ (decrease) in derivative liabilities		141,148	(55,629)
Increase/ (decrease) in unit linked liabilities for investment contract		1,076	(60,258)
Increase in other payables		376,117	99,566
Increase in reinsurance contract liabilities		338,021	11,694
Increase in insurance contract liabilities		1,423,488	1,754,818
Net cash inflow from operating activities		531,745	232,245

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER**

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from investing activities			
Purchase for intangible assets	6	(88,539)	(43,907)
Purchase of property, plant, and equipment	5	(13,491)	(27,639)
Net proceeds from fair value through other comprehensive income assets purchase/sales		(3,030,318)	(207,339)
Net proceeds from fair value through profit or loss assets purchase/sales		2,405,891	306,930
Net cash (outflow)/inflow from investing activities		<u>(726,457)</u>	<u>28,045</u>
Cash flows from financing activities			
Payment of lease liability		(50,213)	(47,491)
Net cash used in financing activities		<u>(50,213)</u>	<u>(47,491)</u>
Net (decrease)/ increase in cash and cash equivalents during the year		(244,925)	212,799
Cash and cash equivalents – Beginning of year		1,180,782	967,983
Cash and cash equivalents – End of year		<u>935,857</u>	<u>1,180,782</u>

The notes on pages 13 to 108 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Organization

Chubb Life Insurance Hong Kong Ltd. (the “Company”) is a company incorporated in Hong Kong and authorised to carry on long-term insurance business in Hong Kong. The Company is a wholly-owned subsidiary of Chubb INA International Holdings Limited, a United States company whose ultimate parent company is Chubb Limited, a Swiss-incorporated company listed on the New York Stock Exchange.

All assets and liabilities reported in the statement of financial position are attributable to the Company’s long-term business and other than long-term business.

The address of its registered office is 33/F Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.

These financial statements are presented in Hong Kong dollars unless otherwise stated. These financial statements have been approved for issuance by the Board of Directors on 29 April 2025.

Note 2 Material accounting policy information

The principal accounting policies adopted in the preparation of the 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 have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). They have been prepared under the historical cost convention and certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, or fair value through other comprehensive income, which are measured at fair value, and insurance contract asset/ liabilities and reinsurance contract assets/ liabilities, which have been measured at the basis of fulfilment cashflows.

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

Note 2 Material accounting policy information (continued)

2.2 Impact of new and revised Hong Kong Financial Reporting Standards

(a) The following new standard, new interpretation and new amendments to standards effective in 2024

The following relevant new amendments to standards have been adopted for the first time for the financial year ended 31 December 2024 and have no material impact to the Company:

Standards affected	New standard and amendments relate to
HKAS 1	Classification of Liabilities as Current or Noncurrent (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

(b) New standards and new amendments to standards not yet effective and have not been early adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Company:

Standards affected	New standard and amendments relate to	Effective Date
HKAS 21	Lack of Exchangeability (amendments)	Accounting periods beginning on or after 1 January 2025
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	Accounting periods beginning on or after 1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	Accounting periods beginning on or after 1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	Accounting periods beginning on or after 1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	HK Int 5 has incorporated the references to HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027.
HKFRS Volume 11	The HKICPA issued narrow-scope amendments to HKFRS that include clarifications, simplifications, corrections, and changes intended to improve consistency in:	Accounting periods beginning on or after 1 January 2026

- HKFRS 1, First-time Adoption of International Financial Reporting Standards;
- HKFRS 7, Financial Instruments: Disclosures and Guidance on implementing HKFRS 7;
- HKFRS 9, Financial Instruments;
- HKFRS 10, Consolidated Financial Statements; and
- HKAS 7, Statement of Cash Flows.

The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted.

Note 2 Material accounting policy information (continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which is Hong Kong dollars.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss in the statement of profit or loss and other comprehensive income. Translation differences on non-monetary items, such as equities held at fair value through other comprehensive income, are included in equity.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items. Depreciation of assets is calculated using the straight-line method to allocate their costs, net of their residual values over their estimated useful lives.

Leasehold	Unexpired period of the tenancy agreement
Furniture and fixture	7 years
Office equipment	3 years
Computer equipment	3 - 4 years
Telecommunication equipment	5 years

Subsequent costs are included in the 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. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income in the other operating expenses.

2.4 Intangible assets

(a) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. During the year ended 31 December 2024, the Company revised the estimated useful lives of its computer software to align with Asset Platform Layer Alignment rules. Previously, these costs were amortized over 5 years using the straight-line method. After the revision, the amortization period is adjusted to a range of 3 to 15 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

(b) Agency intangible asset

The costs of acquiring agents are capitalised as intangible assets to the extent that future economic benefits are expected to flow into the company via creation of new business. These costs are amortised by using straight-line method over their useful lives.

Note 2 Material accounting policy information (continued)

2.5 Financial assets

(a) Classification

The Company classifies its financial assets at initial recognition as subsequently measured at fair value through profit or loss, amortised cost and fair value through other comprehensive income. 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 recognised initially at fair value. Except for financial assets carried at fair value through profit or loss, all transaction costs of financial assets are included in their initial carrying amounts.

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

This category has three sub-categories: financial assets held-for-trading, those designated at fair value through profit or loss at inception and financial assets mandatorily required to be measured at fair value.

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. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

A financial asset, other than one held for trading, will be designated as a financial asset at fair value through profit or loss, if it meets one of the criteria set out below, and is so designated by the Management:

- 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; or
- applies to a group of financial assets, financial liabilities or both that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management; or
- relates to financial assets containing one or more embedded derivative that significantly modifies the cash flow resulting from those financial assets.

These assets are recognised initially at fair value, with transaction costs taken directly to statement of profit or loss and other comprehensive income, and are subsequently re-measured at fair value.

Gains and losses from changes in the fair value of such assets (excluding the interest component) are reported in net investment income on financial instruments designated at fair value through profit or loss. The interest component is reported as part of interest income. Dividends on equity instruments of this category are also recognised in net investment income on financial instruments designated at fair value through profit or loss when the Company's right to receive payment is established.

(ii) Financial assets at amortised cost

Financial assets are classified as subsequently measured at amortised cost 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, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less allowances for impairment losses. Gains or losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including investment debt securities without an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Note 2 Material accounting policy information (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

(iii) Financial assets at fair value through other comprehensive income

Debt instruments are classified as subsequently measured at fair value through other comprehensive income if both of the following conditions are met: (i) The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

For equity investments, 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 statement of profit or loss and other comprehensive income even upon disposal. Dividends on equity instruments classified as fair value through other comprehensive income are recognised in net investment income when the Company's right to receive payment is established. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

(iv) Segregated unit-linked fund assets

Segregated unit-linked fund assets represent assets held for the Company's unit-linked insurance contracts administrated by the Company. They are reported separately from other assets of the Company to reflect the fiduciary nature of the Company's interest in these assets. These assets are not legally insulated from the other funds held by the Company.

(v) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms.

(b) Recognition and measurement

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

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss and other comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets at amortised cost are carried using effective interest method, less any impairment allowance.

Note 2 Material accounting policy information (continued)

2.5 Financial assets (continued)

(c) Fair value measurement

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 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.

If the market for a financial asset is not active, valuation techniques are used for fair value determination. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models making maximum use of market observable data and other valuation techniques commonly used by market participants. If no market observable data is available, non-market observable inputs will be used.

2.6 Financial liabilities

The Company classifies its financial liabilities under the following categories: trade payables and other liabilities, derivatives and loans and borrowings. All financial liabilities are classified at inception and recognised initially at fair value.

Financial liabilities at fair value through profit or loss include derivatives under financial liabilities designated at fair value through profit or loss at inception 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 statement of profit or loss and other comprehensive income.

Trade payables and other liabilities, and loans and borrowings are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the financial liabilities are derecognised.

All financial liabilities are derecognised from the Statement of financial position when and only when the obligation specified in the contract is discharged, cancelled or expired.

2.7 Impairment of assets

The Company recognises a loss allowance for expected credit losses (ECL) on the following items:

- financial assets measured at amortised cost; and
- debt securities measured at FVOCI

Financial assets measured at fair value, including funds, equity securities measured at FVTPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, 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 where the effect of discounting is material. 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.

Note 2 Material accounting policy information (continued)

2.7 Impairment of assets (continued)

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 the 12 months after the reporting date; and
- 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 expected credit losses within the next 12 months as Stage 1 when those financial instruments are initially recognised; and to recognise lifetime expected credit losses as Stage 2 when there has been significant increases in credit risk since initial recognition. Lifetime expected credit losses will be recognised for credit-impaired financial instruments as Stage 3 if one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred and interest 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 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. In making this reassessment, the Company considers that a default event occurs 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 security (if any is held); or (ii) the financial asset is 90 days past due. The Company considers 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.

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

- failure to make payments of principal or interest on 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
- 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. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period 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 statement of profit or loss and other comprehensive income. The Company recognises an impairment gain or loss for all 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 fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve.

If, in a subsequent period, the amount of allowance for impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss to the extent of its decrease is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss and other comprehensive income.

2.8 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. The Company is applying a market approach on a consistent basis among similar assets as well as across reporting periods. The selection of the valuation method to apply will consider the nature of the asset or liability being valued, as well as significant judgment, sufficient knowledge of the asset or liability, and a level of expertise regarding the valuation technique.

The Company's derivative instruments do not qualify for hedge accounting. Changes in the fair value of all such derivative instruments are recognised immediately in the statement of profit or loss and other comprehensive income.

Note 2 Material accounting policy information (continued)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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

2.11 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

2.12 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(b) Pension obligations

The Company pays contributions to privately administered defined contribution pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited from those employees who leave the scheme prior to full vesting of the contributions.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Share-based payments

Chubb Limited, the Company's ultimate holding company has share-based compensation plans which currently provide for awards of stock options and restricted stock to its eligible employees of its subsidiaries. Stock options are generally granted with a 3-year vesting period and a 10-year term. The stock options vest in equal annual installments over the respective vesting period, which is also the requisite service period. The fair value of the stock options was estimated on the date of grant using the Black-Scholes option-pricing model. Restricted stock is with a 4-year vesting period and is vest in equal annual installments over the respective vesting period, which is also the requisite service period. The restricted stock is granted at market close price on the date of grant. These share-based compensation plans are administered by Chubb Limited and payments are charged back to the Company. The annual expense is based on an amortised calculation that is reflective of the current year's expense portion of all restricted share grants issued in the current and prior years, and is consistent with the treatment required by HKFRS 2. There is no liability to the Company for the unamortised portion of the restrictive stock grants issued. The amortised calculation incorporates the fair market value of Chubb Limited's common stock in determining the expense amount. Expected future dividend payments in relation to the restrictive stock grants issued are made directly by Chubb Limited to the eligible employees.

Note 2 Material accounting policy information (continued)

2.13 Provisions

Provisions, except those arising from contracts with policyholders, 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 will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.14 Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

(a) Investment management fees for investment contract

Fees are generally recognised on an accrual basis when the service has been provided. The unearned portion of the fees is deferred as unearned revenue reserves.

(b) Interest income and amortisation

Interest income and amortisation for all interest-bearing financial instruments are recognised within “investment income” (Note 17) in profit or loss using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(c) Dividend income

Dividend income from financial assets is recognised when the right to receive payment is established.

2.15 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Note 2 Material accounting policy information (continued)

2.15 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

2.16 Tax

The Company is subject to income tax laws in Hong Kong. The current tax liabilities have been provided for using the tax rates that have been enacted as at end of the reporting period. The estimated assessable profit represented 5% of net premium income. No tax will be imposed on other comprehensive income.

2.17 Insurance contracts

(a) Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgment to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under HKFRS 9. Investment contracts without discretionary participation features "DPF" issued by the Company fall under this category.

Some investment contracts issued by the Company contain DPF, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Company's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Company accounts for these contracts under HKFRS 17.

The Company issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Company's policy is to hold such investment assets.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(a) Definition and classification (continued)

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

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

These criteria are assessed at the individual contract level based on the Company's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary.

The Company uses judgment to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the fulfilment cashflows ("FCF") that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the variable fee approach ("VFA"). The VFA modifies the accounting model in HKFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPf, unless specifically stated otherwise.

(b) Unit of account

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

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgment to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(b) Unit of account (continued)

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

(c) Recognition and derecognition

Groups of insurance contracts issued are 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 when the Company becomes a party to the contract.

Reinsurance contracts held are recognised as follows:

1. a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
 - a) the beginning of the coverage period of the group; and
 - b) the initial recognition of any underlying insurance contract;
2. all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held; unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

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

(d) Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(d) Accounting for contract modification and derecognition (continued)

1. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - a) is not within the scope of HKFRS 17;
 - b) results in different separable components;
 - c) results in a different contract boundary; or
 - d) belongs to a different group of contracts;
2. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa;

When a new contract is required to be recognised as a result of modification and it is within the scope of HKFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the premium allocation approach (“PAA”) is derecognised from within a group of insurance contracts, the Company:

1. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
2. adjusts the contractual service margin (“CSM”) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (“LRC”) of the group) in the following manner, depending on the reason for the derecognition:
 - a) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
 - b) if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
 - c) if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (1) adjusted for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received; and
3. adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

(e) Measurement

(i) Fulfilment cash flows within contract boundary

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 those amounts.

The estimates of future cash flows:

1. are based on a probability-weighted mean of the full range of possible outcomes;
2. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
3. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(e) Measurement (continued)

(i) Fulfilment cash flows within contract boundary (continued)

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. 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.

(ii) 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.

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

1. 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
2. both of the following criteria are satisfied:
 - a) 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
 - b) the pricing of premiums up 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.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

Some insurance contracts issued by the Company provide policyholders with an option to buy an annuity on the initially issued policies' maturity. The Company assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Company until they are exercised.

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

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Company to deliver cash at a present or future date.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(e) Measurement (continued)

(ii) Contract boundary (continued)

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.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

(iii) Insurance acquisition costs

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

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis.

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

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

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

(iv) 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 it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

(f) Initial measurement – Groups of contracts not measured under the PAA

(i) Contractual service margin

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 or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (4) below) arising from:

1. the initial recognition of the FCF;
2. cash flows arising from the contracts in the group at that date;
3. the derecognition of any insurance acquisition cash flows asset; and
4. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(f) Initial measurement – Groups of contracts not measured under the PAA (continued)

(i) Contractual service margin (continued)

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 statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section below).

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in the statement of profit or loss and other comprehensive income. 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 and is calculated as the sum of:

1. the initial recognition of the FCF; and
2. cash flows arising from the contracts in the group at that date;
3. the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
4. any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (4) above. 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.

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

(g) 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:

1. the LRC, comprising:
 - a) the FCF related to future service allocated to the group at that date; and
 - b) the CSM of the group at that date; and
2. the liability for incurred claim ("LIC"), comprising the FCF related to past service allocated to the group at the reporting date.

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

1. the remaining coverage, comprising:
 - a) the FCF related to future service allocated to the group at that date; and
 - b) the CSM of the group at that date; and
2. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

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

(i) Changes in fulfilment cash flows

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:

1. changes that relate to current or past service are recognised in profit or loss; and
2. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

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

1. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
2. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
3. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component 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
4. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (1), (2) and (4) 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:

1. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
2. changes in the FCF relating to the LIC;
3. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
4. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For investment contracts with DPF 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.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

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

(i) Changes in fulfilment cash flows (continued)

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognised in insurance finance income or expenses.

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

1. changes in the amount of the Company's share of the fair value of the underlying items; and
2. changes in the FCF that do not vary based on the returns of underlying items:
 - a) changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - b) experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes;
 - c) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
 - d) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component 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
 - e) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (b)-(e) are measured using the current discount rates.

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

1. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
2. changes in the FCF that do not vary based on the returns of underlying items:
 - a) changes in the FCF relating to the LIC; and
 - b) experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
 - c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Company does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks.

(ii) Changes to the contractual service margin

For insurance contracts issued, 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:

1. The effect of any new contracts added to the group.
2. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
3. 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.
4. The effect of any currency exchange differences.
5. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

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

(ii) Changes to the contractual service margin (continued)

For reinsurance contracts held, 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:

1. The effect of any new contracts added to the group.
2. Interest accreted on the carrying amount of the CSM.
3. Income recognised in the statement of profit or loss and other comprehensive income when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss- recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
4. Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
5. Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
6. The effect of any currency exchange differences.
7. The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

Income referred to in (3) above 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 contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

For the purposes of (3)–(5) above, when underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Refer to the Reinsurance contracts held – Loss recovery component section below for loss-recovery component accounting.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

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

(ii) Changes to the contractual service margin (continued)

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows section above.

Release of the CSM to the statement of profit or loss and other comprehensive income

The amount of the CSM recognised in the statement of profit or loss and other comprehensive income 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.

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:

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

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. For investment-return and investment-related services, policyholders' account values are used to determine the quantity of benefits provided.

The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items, except for the automobile insurance contracts acquired in the run-off period.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts held are based on the insurance coverage provided by the reinsurer, and they are determined by the ceded policies' fixed face values, taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

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

(ii) Changes to the contractual service margin (continued)

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:

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

The amounts of loss component allocation in (1) and (2) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

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

Reinsurance contracts held – Loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

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.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(h) Amounts recognised in comprehensive income

(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:

1. 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:
 - i. amounts allocated to the loss component;
 - ii. repayments of investment components and policyholder rights to withdraw an amount;
 - iii. amounts of transaction-based taxes collected in a fiduciary capacity;
 - iv. insurance acquisition expenses; and
 - v. amounts related to the risk adjustment for non-financial risk (see (b));
 - b) changes in the risk adjustment for non-financial risk, excluding:
 - i. changes included in insurance finance income (expenses);
 - ii. changes that relate to future coverage (which adjust the CSM); and
 - iii. 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) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

(ii) Insurance service expenses

Insurance service expenses include the following:

1. incurred claims and benefits, excluding investment components reduced by loss component allocations;
2. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
3. insurance acquisition cash flows amortisation;
4. changes that relate to past service – changes in the FCF relating to the LIC; and
5. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
6. insurance acquisition cash flows assets impairment, net of reversals

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

Other expenses not meeting the above categories are included in other operating expenses in statement of profit or loss and other comprehensive income.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(h) Amounts recognised in comprehensive income (continued)

(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:

1. reinsurance expenses;
2. incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
3. other incurred directly attributable expenses;
4. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
5. effect of changes in the risk of reinsurers' non-performance; and
6. amounts relating to accounting for onerous groups of underlying insurance contracts issued:
 - a) income on initial recognition of onerous underlying contracts;
 - b) reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
 - c) reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

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 measured under the GMM, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

1. 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:
 - a) amounts allocated to the loss-recovery component;
 - b) repayments of investment components; and
 - c) amounts related to the risk adjustment for non-financial risk (see (2));
2. changes in the risk adjustment for non-financial risk, excluding:
 - a) changes included in finance income (expenses) from reinsurance contracts held;
 - b) changes that relate to future coverage (which adjust the CSM); and
 - c) amounts allocated to the loss-recovery component;
3. amounts of the CSM recognised for the services received in the period; and
4. experience adjustments – arising from premiums paid in the period other than those that relate to future service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Note 2 Material accounting policy information (continued)

2.17 Insurance contracts (continued)

(h) Amounts recognised in comprehensive income (continued)

(iv) Insurance finance income or expenses

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

1. the effect of the time value of money and changes in the time value of money; and
2. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

1. interest accreted on the FCF and the CSM; and
2. the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM and the VFA, the Company includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option) is applied).

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying HKAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Company has chosen to present the resulting foreign exchange differences within the line item “finance expenses from insurance contracts”.

Note 3 Critical accounting estimates and judgments in applying accounting policies

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

3.1 Significant judgments and estimates in applying HKFRS 17

Areas of potential judgment.	Applicable to the Company
<i>Definition and classification – Whether contracts are within the scope of HKFRS 17 and, for contracts determined to be within the scope of HKFRS 17, what measurement model is applicable:</i>	
Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.	Applicable to the Company in determining the classification of contracts issued in Participating product lines as insurance or investment contracts.
Whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with DPF.	The Company issues investment contracts with DPF. In assessing whether these are within the scope of HKFRS 17, the Company assessed if the discretionary amount is a significant amount of the total benefits.
Whether contracts that were determined to be within the scope of HKFRS 17 meet the definition of an insurance contract with direct participation features, particularly: a. whether the pool of underlying items is clearly identified; b. whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and c. whether the Company expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.	An assessment is performed for universal life contracts and direct participating contracts issued by the Company to determine if pool of underlying items is clearly identified.
<i>Unit of account – Judgments involved in combination of insurance contracts and separation of distinct components</i>	
Combination of insurance contracts – whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination. Separation – whether components in paragraphs 11–12 of HKFRS 17 are distinct (that is, they meet the separation criteria). Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required	Combination and separation on base and rider products has been assessed by the Company.

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.2 Estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

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.

3.3 Discount rates

A mix of the bottom-up and top-down approaches was applied in the determination of the discount rates for different products.

The bottom-up approach was used to derive the discount rate for the cash flows that do not vary based on the returns on underlying items. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an “illiquidity premium”). The risk-free was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

The top-down approach was used to derive the discount rates for the cash flows that do not vary based on the returns on underlying items in all other contracts within the scope of HKFRS 17. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio comprises a mix of sovereign and corporate bonds available on the markets. The assets were selected in order to match the liability cash flows. The yield from the reference portfolio was adjusted to remove both expected and unexpected credit risk. These adjustments were estimated using information from observed historical levels of default and credit default swaps relating to the bonds included in the reference portfolio.

For both the bottom-up and top-down approaches, observable market information is available for up to 20 years. For the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using the Smith-Wilson method.

Cash flows varying based on underlying items are discounted using a discount rate that reflects the variability of the underlying assets. The cash flows arising from the investment component are discounted using the expected return of the assets supporting the investment component.

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

Portfolio	Currency	2024					2023				
		1 year	5 year	10 year	20 year	30 year	1 year	5 year	10 year	20 year	30 year
Accident & Health	USD	4.11%	4.45%	4.78%	5.07%	3.98%	3.77%	4.19%	3.83%	4.33%	3.15%
Life Saving	USD	4.11%	4.45%	4.78%	5.07%	3.98%	4.45%	4.89%	4.51%	5.13%	3.87%
Life Risk	USD	5.18%	5.52%	5.85%	6.15%	5.05%	5.25%	5.48%	5.28%	5.11%	4.35%
Direct Participating	USD	4.72%	5.06%	5.39%	5.69%	4.59%	4.70%	4.70%	4.70%	3.69%	3.45%
Accident & Health	HKD	3.88%	3.56%	3.78%	3.84%	3.82%	3.27%	3.35%	3.70%	3.66%	3.70%
Life Saving	HKD	3.88%	3.56%	3.78%	3.84%	3.82%	3.91%	4.00%	4.38%	4.42%	4.48%
Life Risk	HKD	4.96%	4.63%	4.85%	4.91%	4.89%	4.79%	4.83%	5.03%	4.51%	4.43%
Direct Participating	HKD	4.46%	4.14%	4.36%	4.42%	4.39%	4.28%	4.28%	4.28%	3.18%	2.93%

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.4 Investment assets returns

For Participating contracts (excluding investment contracts without DPF not within the scope of HKFRS 17), assumptions about future underlying investment returns are made. Due to the measurement models applied and the nature of the products, particularly the determination of the discount rates used to discount future estimates of cash flows that vary with returns on underlying items, assumptions about future underlying investment returns do not impact contract measurement significantly. There are limited financial guarantees in these products. The liabilities associated with these guarantees are measured using a market-consistent stochastic model.

3.5 Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of HKFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.

Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. This includes an allocation of acquisition cash flows among existing, as well as future, groups of insurance contracts issued.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.5 Estimates of future cash flows to fulfil insurance contracts (continued)

Significant methods and assumptions used are discussed below. **Mortality**

The Company derives mortality rates assumptions from the recent credible national mortality tables published by the Life Insurance Actuarial Society. An investigation into the Company's experience over the most recent five years is performed, and statistical methods are used to adjust the mortality tables to produce the probability-weighted expected mortality rates in the future over the duration of the insurance contracts. Mortality rates are differentiated between policyholder groups, based on gender and smoker status.

Assumptions and methods used to derive mortality assumptions have not changed in 2024. The following mortality assumptions were used:

Gender	Smoker status	2023–2024	
		Mortality table	Percentage of table
Male	Non-smoker	HKA01	20% - 238.75%
		HKA01_120	32.47% - 57.3%
		SLPM	75%
	Smoker	HKA01	20% - 297.5%
		HKA01_120	40.46% - 71.4%
		SLPM	75%
Female	Non-smoker	HKA01	20% - 245.42%
		HKA01_120	39.27% - 63.61%
		SLPM	75%
	Smoker	HKA01	20% - 320%
		HKA01_120	51.2% - 82.94%
		SLPM	75%

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

Persistency

The Company derives assumptions about lapse and surrender rates based on the Company's own experience. Historical lapse and surrender rates are derived from the Company's policy administration data. An analysis is then performed of the Company's historical rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to reflect the Company's own experience and any trends in the data, to arrive at the probability-weighted expected lapse and surrender rates. Analysis is performed and assumptions are set by major product line.

The following assumptions about lapse and surrender rates were used. Changes in assumptions in 2024 reflect new projections made using the Company's most recent experience. Methods used to derive these assumptions have not changed in 2024.

	2024	2023
Accident & Health	4.44%	4.62%
Life Saving	0.38%	2.94%
Life Risk	4.01%	3.80%
Direct Participating	3.16%	4.50%

Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM, depending on the product specifics.

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.5 Estimates of future cash flows to fulfil insurance contracts (continued)

Expenses

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of HKFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads.

Where asset management services are provided for the insurance operational segments as part of contractual arrangements with policyholders, the Company projects future expenses based on the direct costs as incurred by the Company, rather than based on management fees charged explicitly to the policyholder account values or internal fees charged to the insurance operating segments for providing these services.

Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the CSM within the LRC for contracts measured under the GMM.

3.6 Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The risk adjustment is calibrated as the 75th percentile of the normal distribution characterized by:

1. A mean equal to the current estimate of HKFRS17 liabilities; and
2. A 99.5th percentile equal to the corresponding life insurance risk using stress scenarios testing.

The stress scenarios for 99.5th percentile are provided by HKIA for MOCE (Margin of Current Estimate) under HKRBC. The correlation matrix from HKIA is used to aggregate life insurance risk.

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

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.7 Sensitivity analysis to underwriting risk variables

The following tables present information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is 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 might be correlated.

2024 (HKD'000)	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM
<i>Accident & Health</i>							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	12,517	(32,099)	(19,582)				
Reinsurance contract assets	(2,322)	9,632	7,310				
Net insurance contract liabilities	10,195	(22,467)	(12,272)				
Mortality rate – 12.5% increase							
Insurance contract liabilities	(22,652)			(35,169)	35,169		3,070
Reinsurance contract assets	2,092			4,415	(4,415)		5,218
Net insurance contract liabilities	(20,560)			(30,754)	30,754		8,288
Lapse/surrender rate – 40% increase							
Insurance contract liabilities	(597,986)			(610,503)	610,503		578,404
Reinsurance contract assets	(23,248)			(20,926)	20,926		30,558
Net insurance contract liabilities	(621,234)			(631,429)	631,429		608,962
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities	(1,058,181)			(1,070,698)	1,070,698		1,038,599
Reinsurance contract assets	293,142			295,464	(295,464)		(285,831)
Net insurance contract liabilities	(765,039)			(775,234)	775,234		752,768

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.7 Sensitivity analysis to underwriting risk variables (continued)

2024 (HKD'000)	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM
Life Saving							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	(39,994)	-	(39,994)				
Reinsurance contract assets	(186,481)	302,235	115,754				
Net insurance contract liabilities	(226,475)	302,235	75,760				
Mortality rate – 12.5% increase							
Insurance contract liabilities	(39,994)			-	-		-
Reinsurance contract assets	(71,908)	-	-	114,572	(114,572)	-	187,663
Net insurance contract liabilities	(111,902)			114,572	(114,572)	-	187,663
Lapse/surrender rate – 40% increase							
Insurance contract liabilities	(39,993)			1	(1)		(1)
Reinsurance contract assets	(166,472)	-	-	20,008	(20,008)	-	282,226
Net insurance contract liabilities	(206,465)			20,009	(20,009)		282,225
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities	(39,997)			(3)	3		3
Reinsurance contract assets	(49,939)	-	-	136,541	(136,541)	-	165,693
Net insurance contract liabilities	(89,936)			136,538	(136,538)		165,696
Life Risk							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	(1,786,006)	(1,050,597)	(2,836,603)				
Reinsurance contract assets	383,490	228,324	611,814				
Net insurance contract liabilities	(1,402,516)	(822,273)	(2,224,789)				
Mortality rate – 12.5% increase							
Insurance contract liabilities	(1,957,427)			(171,422)	171,422		(879,175)
Reinsurance contract assets	335,196			(48,295)	48,295	-	276,617
Net insurance contract liabilities	(1,622,231)			(219,717)	219,717		(602,558)
Lapse/surrender rate – 40% increase							
Insurance contract liabilities	(1,993,754)			(207,748)	207,748		(842,848)
Reinsurance contract assets	300,870			(82,621)	82,621	-	310,943
Net insurance contract liabilities	(1,692,884)			(290,369)	290,369		(531,905)
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities	(1,830,564)			(44,558)	44,558		(1,006,039)
Reinsurance contract assets	360,999			(22,492)	22,492	-	250,814
Net insurance contract liabilities	(1,469,565)			(67,050)	67,050		(755,225)

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.7 Sensitivity analysis to underwriting risk variables (continued)

2024 (HKD'000)	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM
Direct Participating							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	(15,764,344)	(9,770,739)	(25,535,083)				
Reinsurance contract assets	-	-	-				
Net insurance contract liabilities	(15,764,344)	(9,770,739)	(25,535,083)				
Mortality rate – 12.5% increase							
Insurance contract liabilities	(16,053,037)			(288,693)	288,693	(9,482,047)	
Reinsurance contract assets	-						
Net insurance contract liabilities	(16,053,037)			(288,693)	288,693	(9,482,047)	
Lapse/surrender rate – 40% increase							
Insurance contract liabilities	(16,552,681)			(788,337)	788,337	(8,982,403)	
Reinsurance contract assets	-						
Net insurance contract liabilities	(16,552,681)			(788,337)	788,337	(8,982,403)	
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities	(15,840,719)			(76,374)	76,374	(9,694,366)	
Reinsurance contract assets	-						
Net insurance contract liabilities	(15,840,719)			(76,374)	76,374	(9,694,366)	
2023 (HKD'000)	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM
Accident & Health							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	34,078	(23,812)	10,266				
Reinsurance contract assets	(395)	7,519	7,124				
Net insurance contract liabilities	33,683	(16,293)	17,390				
Mortality rate – 12.5% increase							
Insurance contract liabilities				(29)	29	-	(23,783)
Reinsurance contract assets				1,029	(1,029)	-	6,490
Net insurance contract liabilities				1,000	(1,000)	-	(17,293)
Lapse/surrender rate – 40% increase							
Insurance contract liabilities				(552)	552	-	(23,260)
Reinsurance contract assets				4,099	(4,099)	-	3,420
Net insurance contract liabilities				3,547	(3,547)	-	(19,840)
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities				(944)	944	-	(22,868)
Reinsurance contract assets				24,626	(24,626)	-	(17,107)
Net insurance contract liabilities				23,682	(23,682)	-	(39,975)

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.7 Sensitivity analysis to underwriting risk variables (continued)

2023 (HKD'000)	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM
Life Saving							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	(23,725,817)	(4,558,999)	(28,284,816)				
Reinsurance contract assets	(354,900)	366,267	11,367				
Net insurance contract liabilities	(24,080,717)	(4,192,732)	(28,273,449)				
Mortality rate – 12.5% increase							
Insurance contract liabilities				(295,698)	295,698	-	(4,263,301)
Reinsurance contract assets				141,321	(141,321)	-	224,946
Net insurance contract liabilities				(154,377)	154,377	-	(4,038,355)
Lapse/surrender rate – 40% increase							
Insurance contract liabilities				(1,235,769)	1,235,769	-	(3,323,230)
Reinsurance contract assets				82,225	(82,225)	-	284,042
Net insurance contract liabilities				(1,153,544)	1,153,544	-	(3,039,188)
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities				(1,215,618)	1,215,618	-	(3,343,381)
Reinsurance contract assets				312,518	(312,518)	-	53,749
Net insurance contract liabilities				(903,100)	903,100	-	(3,289,632)
Life Risk							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	(2,253,968)	(1,023,018)	(3,276,986)				
Reinsurance contract assets	204,422	140,866	345,288				
Net insurance contract liabilities	(2,049,546)	(882,152)	(2,931,698)				
Mortality rate – 12.5% increase							
Insurance contract liabilities				(181,695)	181,695	-	(841,323)
Reinsurance contract assets				43,484	(43,484)	-	97,382
Net insurance contract liabilities				(138,211)	138,211	-	(743,941)
Lapse/surrender rate – 40% increase							
Insurance contract liabilities				(195,547)	195,547	-	(827,471)
Reinsurance contract assets				50,495	(50,495)	-	90,371
Net insurance contract liabilities				(145,052)	145,052	-	(737,100)
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities				(47,567)	47,567	-	(975,451)
Reinsurance contract assets				17,049	(17,049)	-	123,817
Net insurance contract liabilities				(30,518)	30,518	-	(851,634)

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.7 Sensitivity analysis to underwriting risk variables (continued)

2023 (HKD'000)	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM
Direct Participating							
Insurance contract liabilities as at 31 December							
Insurance contract liabilities	(1,060,504)	(529,958)	(1,590,462)				
Reinsurance contract assets	-	-	-				
Net insurance contract liabilities	(1,060,504)	(529,958)	(1,590,462)				
Mortality rate – 12.5% increase							
Insurance contract liabilities				(55,650)	55,650	-	(474,308)
Reinsurance contract assets				-	-	-	-
Net insurance contract liabilities				(55,650)	55,650	-	(474,308)
Lapse/surrender rate – 40% increase							
Insurance contract liabilities				(209,815)	209,815	-	(320,143)
Reinsurance contract assets				-	-	-	-
Net insurance contract liabilities				(209,815)	209,815	-	(320,143)
Morbidity rate – 20% to 25% increase							
Insurance contract liabilities				-	-	-	(529,958)
Reinsurance contract assets				-	-	-	-
Net insurance contract liabilities				-	-	-	(529,958)

No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

Note 3 Critical accounting estimates and judgments in applying accounting policies (continued)

3.8 Significant judgments and estimates in applying HKFRS 9

(a) Judgments

This note provides an overview of the areas that involve a higher degree of judgment or complexity. More detailed information about these judgments is included in the notes.

Judgment	Description
Classification of financial instruments	The Company has made judgments in applying the business model criteria to its portfolio of debt instruments. The Company has also applied judgment as to whether designating debt instruments at FVTPL significantly reduces an accounting mismatch.
Expected credit loss	A number of significant judgments are required in applying the accounting requirements for measuring the ECL, such as: a. determining criteria for a significant increase in credit risk (SICR); b. choosing appropriate models and assumptions for the measurement of the ECL; c. establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and d. establishing groups of similar financial assets for the purposes of measuring the ECL.

(b) Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of items which are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements. In applying HKFRS 9 measurement requirements, the following inputs and methods were used that include significant estimates.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Expected credit loss

The measurement of the ECL allowance for financial assets measured at AC and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (for example, the likelihood of customers defaulting and the resulting losses).

Note 4 Management of insurance and financial risk

In general, the key components of market risk to the Company are insurance risk and financial risk. The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

4.1 Credit risk

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

- Counterparty risk with respect to fixed income securities held by the Company;
- Amount due from insurance agents and brokers;
- Amount due from reinsurers; and
- Reinsurers' share of insurance liabilities.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. The lowest credit risk acceptable for new issues is B and the average credit rating is A.

The maximum credit risk for financial assets recognised on the statement of financial position is the carrying amount less, where applicable, any impairment losses recognised in accordance with HKFRS 9.

The table below analyses the balance by credit rating related to the debt securities held by the Company as at 31 December 2024 and 2023 (source of the ratings are provided from Bloomberg for both United States dollars investment portfolio and Hong Kong dollars investment portfolio):

As at 31 December 2024 (in HKD'000)	AAA	AA	A	BBB	BB	B	CCC	C	Not Rated	Total
Debt securities	598,871	3,743,822	12,835,503	4,966,006	1,842,113	1,623,688	52,123	10,563	705,294	26,377,983
Accrued interest	9,324	57,838	179,920	81,458	30,386	26,291	1,223	226	8,709	395,375
Total balance related to debt securities bearing credit risk	608,195	3,801,660	13,015,423	5,047,464	1,872,499	1,649,979	53,346	10,789	714,003	26,773,358
As at 31 December 2023 (in HKD'000)	AAA	AA	A	BBB	BB	B	CCC	CC	Not Rated	Total
Debt securities	642,677	3,904,987	12,459,774	4,406,240	1,875,825	1,447,006	74,640	-	1,393,876	26,205,025
Accrued interest	9,323	53,697	166,761	70,573	28,369	23,404	1,640	-	18,267	372,034
Total balance related to debt securities bearing credit risk	652,000	3,958,684	12,626,535	4,476,813	1,904,194	1,470,410	76,280	-	1,412,143	26,577,059

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is evaluated by the Company on an annual basis.

Note 4 Management of insurance and financial risk (continued)

4.2 Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from benefit payments. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Daily cash flow requirements are monitored to determine the minimum cash balance that should be held. Over 46% of investments are fixed interest securities traded on a liquid market, which can be realised in a short period of time.

The Company manages the liquidity risk by monitoring the match of contractual cash inflows from the assets and expected cash outflows from insurance liabilities.

The following table analyses the contractual/expected timing of undiscounted cash flows as at 31 December 2024 (in HKD'000):

Assets	Carrying amount as at 31 December 2024	Payable in demand	Within 1 year	Between 2 and 4 years	5 years or above	No stated maturity	Total
Debt securities - at fair value through other comprehensive income:							
Listed - fixed interest rate	1,611,533	-	128,600	382,766	3,010,635	-	3,522,001
Listed - variable interest rate	-	-	-	-	-	-	-
Unlisted - fixed interest rate	1,567,120	-	91,963	322,650	3,009,702	-	3,424,315
Unlisted - variable interest rate	-	-	-	-	-	-	-
Debt securities - at fair value through profit or loss:							
Listed - fixed interest rate	10,191,548	-	732,618	2,145,058	18,814,245	-	21,691,921
Listed - variable interest rate	18,866	-	1,497	4,490	18,496	-	24,483
Unlisted - fixed interest rate	12,984,123	-	963,238	4,205,586	20,086,089	-	25,254,913
Short-term debt securities:							
Club debentures	4,793	-	-	-	-	4,793	4,793
Equity securities - at fair value through profit or loss:							
Listed securities	2,245,112	-	-	-	-	2,245,112	2,245,112
Unlisted securities	1,372,544	-	-	-	-	1,372,544	1,372,544
Loans and receivables	636,317	-	625,099	-	-	11,218	636,317
Insurance contract assets	327,682	-	27,545	62,813	(599,554)	-	(509,196)
Reinsurance contract assets	1,084,593	-	(87,510)	(112,252)	(391,699)	-	(591,461)
Unit trusts - at fair value through profit or loss	-	-	-	-	-	-	-
Unit-linked funds - at fair value through profit or loss	4,041,201	-	-	-	-	4,041,201	4,041,201
Derivative assets - at fair value through profit or loss	36,449	-	22	-	36,427	-	36,449
Cash and cash equivalents	935,857	935,857	-	-	-	-	935,857
Total	37,057,738	935,857	2,483,072	7,011,111	43,984,341	7,674,868	62,089,249

Note 4 Management of insurance and financial risk (continued)

4.2 Liquidity risk (continued)

Liabilities	Carrying amount as at 31 December 2024	Payable in demand	Within 1 year	Between 2 and 4 years	5 years or above	No stated maturity	Total
Insurance contract liabilities	28,758,944	-	(2,417,492)	(5,512,746)	52,619,741	-	44,689,503
Reinsurance contract liabilities	349,715	-	28,217	36,194	126,299	-	190,710
Trade and other payables	913,349	-	-	-	-	913,349	913,349
Investment contract liabilities	659,604	-	-	-	-	659,604	659,604
Current tax liabilities	31,075	-	31,075	-	-	-	31,075
Derivative liabilities - at fair value through profit or loss	559,814	-	17,004	537,255	5,555	-	559,814
Total	31,272,501	-	(2,341,196)	(4,939,297)	52,751,595	1,572,953	47,044,055
Difference in cash flows		935,857	4,824,268	11,950,408	(8,767,254)	6,101,915	15,045,194

The following table analyses the contractual/expected timing of undiscounted cash flows as at 31 December 2023 (in HKD'000):

Assets	Carrying amount as at 31 December 2023	Payable in demand	Within 1 year	Between 2 and 4 years	5 years or above	No stated maturity	Total
Debt securities - at fair value through other comprehensive income:							
Listed - fixed interest rate	128,293	-	10,475	92,415	49,174	-	152,064
Listed - variable interest rate	-	-	-	-	-	-	-
Unlisted - fixed interest rate	80,152	-	11,493	50,662	32,871	-	95,026
Unlisted - variable interest rate	-	-	-	-	-	-	-
Debt securities - at fair value through profit or loss:							
Listed - fixed interest rate	12,023,090	-	742,887	2,407,609	38,807,932	-	41,958,428
Listed - variable interest rate	19,354	-	1,504	4,511	20,108	-	26,123
Unlisted - fixed interest rate	13,952,863	-	1,124,278	3,553,407	22,791,096	-	27,468,781
Short-term debt securities:							
Club debentures	1,273	-	-	-	-	1,273	1,273
Equity securities - at fair value through profit or loss:							
Listed securities	1,962,845	-	-	-	-	1,962,845	1,962,845
Unlisted securities	694,208	-	-	-	-	694,208	694,208
Loans and receivables	628,275	-	614,484	-	-	13,791	628,275
Insurance contract assets	10,266	-	-	-	-	-	-
Reinsurance contract assets	375,473	-	-	-	-	-	-
Unit trusts - at fair value through profit or loss	9,738	-	-	-	-	9,738	9,738
Unit-linked funds - at fair value through profit or loss	4,034,292	-	-	-	-	4,034,292	4,034,292
Deferred tax assets	3,391	-	-	-	-	-	-
Cash and cash equivalents	1,180,782	1,180,782	-	-	-	-	1,180,782
Total	35,104,295	1,180,782	2,505,121	6,108,604	61,701,181	6,716,147	78,211,835

Note 4 Management of insurance and financial risk (continued)

4.2 Liquidity risk (continued)

Liabilities	Carrying amount as at 31 December 2023	Payable in demand	Within 1 year	Between 2 and 4 years	5 years or above	No stated maturity	Total
Insurance contract liabilities	33,152,264	-	2,578,650	5,480,419	(35,059,046)	-	(26,999,977)
Reinsurance contract liabilities	11,694	-	3,083	(19,723)	703,634	-	686,994
Lease liabilities	127,677	-	47,738	79,939	-	-	127,677
Trade and other payables	537,232	-	537,232	-	-	-	537,232
Investment contract liabilities	658,528	-	-	-	-	658,528	658,528
Current tax liabilities	19,646	-	19,646	-	-	-	19,646
Derivative liabilities - at fair value through profit or loss	418,666	-	976	448,960	-	-	449,936
Total	34,925,707	-	3,187,325	5,989,595	(34,355,412)	658,528	(24,519,964)
Difference in cash flows		1,180,782	(682,204)	119,009	96,056,593	6,057,619	102,731,799

For Insurance related assets and liabilities, the contractual/expected timing of undiscounted cash flows are as follow (in HKD'000):

As at 31 December 2024	Year 1	Year 2	Year 3	Year 4	Year 5	Year 5 +	Total
Insurance contract liabilities and assets	(2,445,037)	(2,084,856)	(1,766,196)	(1,724,507)	(981,875)	54,201,170	45,198,699
Reinsurance contract liabilities and assets	115,727	85,879	27,802	34,765	(65,609)	583,607	782,171
As at 31 December 2023	Year 1	Year 2	Year 3	Year 4	Year 5	Year 5 +	Total
Insurance contract liabilities and assets	(2,578,650)	(2,421,921)	(2,096,525)	(961,973)	(953,630)	36,012,676	26,999,977
Reinsurance contract liabilities and assets	(3,083)	1,308	(4,638)	23,053	(1,975)	(701,659)	(686,994)

Note 4 Management of insurance and financial risk (continued)

4.3 Capital management

The Company's objectives when managing capital are:

- To comply with the solvency maintenance requirements set out in the Hong Kong Insurance Ordinance. The Insurance Authority ("IA") introduced the Risk-based Capital ("RBC") regime for the Hong Kong insurance industry on 1 July 2024, following the commencement of the Insurance (Amendment) Ordinance 2023 and relevant subsidiary legislation and guidelines. The Company changes its target capital from 150% to 125% of its minimum regulatory capital position as presented in the table below. Management considers the quantitative threshold of 125% sufficient to maximize shareholders' return and to support the capital required to write each of its businesses under the new RBC regime;
- To safeguard the Company's ability to continue as a going concern basis 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 and investment contracts commensurately with the level of risk.

The local insurance regulator specifies the minimum amount and type of capital that must be held in addition to their insurance liabilities. The minimum required surplus (capital) (presented in the table below) must be maintained at all times throughout the year. The Company has embedded in its Asset Liability Management Framework the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarises the minimum required surplus (capital) across the Company and the regulatory capital held against each of them.

In HKD'000	2024	2023
Actual surplus	12,231,338	5,080,547
Required surplus	5,201,928	1,165,100
Actual / Required surplus	235.1%	436%

Effective from 31 December 2011, the Company signed a subordinated loan agreement with Chubb Tempest Life Reinsurance Ltd. that Chubb Tempest Life Reinsurance Ltd. would make available subordinated loan to the Company for a loan or a series of loans in aggregate principle amount of US\$15,000,000 upon request by the Company. Such amount was subsequently raised to US\$35,000,000 in 2020. The subordinated loan is unsecured, at a fixed interest rate of 1% per annum. The facility is open-ended with repayment subject to regulatory approval. As of 31 December 2024, the Company has no request on the subordinated loan.

The Company has no external borrowing. The capital of the company represents the share capital as described in Note 10.

Certain financial assets and financial liabilities of the Company are subject to enforceable master netting arrangements or similar agreements. The agreement between the Company and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such mutual consent, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Company are not offset in accordance with HKFRS.

As at 31 December 2024, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements is not material to the Company.

Note 4 Management of insurance and financial risk (continued)

4.4 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets and liabilities that are measured at fair value as at 31 December 2024 (in HKD'000):

31 December 2024	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	2,245,112	332,316	1,040,228	3,617,656
- Unit trusts Fund	-	-	-	-
- Debt securities	21,150	23,178,180	-	23,199,330
- Unit-linked funds	4,041,201	-	-	4,041,201
- Derivatives	-	36,449	-	36,449
Financial assets at fair value through other comprehensive income				
- Debt securities	1,984	3,176,669	-	3,178,653
Total assets	6,309,447	26,723,614	1,040,228	34,073,289
Liabilities				
Financial liabilities at fair value through profit or loss				
- Investment contracts	659,604	-	-	659,604
- Derivatives	-	559,814	-	559,814
Total liabilities	659,604	559,814	-	1,219,418

Note 4 Management of insurance and financial risk (continued)

4.4 Fair value estimation (continued)

The following table presents the Company's financial assets and liabilities that are measured at fair value as at 31 December 2023 (in HKD'000):

31 December 2023	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	1,962,845	311,278	382,930	2,657,053
- Unit trusts Fund	9,738	-	-	9,738
- Debt securities	56,129	25,939,178	1,273	25,996,580
- Unit-linked funds	4,034,292	-	-	4,034,292
Financial assets at fair value through other comprehensive income				
- Debt securities	2,737	205,708	-	208,445
Total assets	6,065,741	26,456,164	384,203	32,906,108
Liabilities				
Financial liabilities at fair value through profit or loss				
- Investment contracts	658,528	-	-	658,528
- Derivatives	-	418,666	-	418,666
Total liabilities	658,528	418,666	-	1,077,194

The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices for unit-linked funds and equity instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of currency forward with Chubb Tempest Life Reinsurance Ltd. is calculated with reference to the forward exchange rate quoted from Bloomberg.
- The fair value of debt investments, cross currency swap contracts and forward contracts managed by PIMCO are provided by Intercontinental Exchange, Inc. ("ICE") (formerly known as Interactive Data (Hong Kong) Limited) which is based on market data. ICE utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information and for structured securities, cash flow and, when available, loan performance data.

One of the level 3 assets as at 31 December 2024 is the club debentures which are carried at the transaction price at initial recognition. The carrying amount is HKD4,795,000 (2023: HKD1,273,000) which represented approximately 0.00% (2023: 0.00%) of the total assets as at 31 December 2024. No sensitivity test was performed because it is not material to the total portfolio.

Another level 3 assets as at 31 December 2024 is private equity funds. The valuations are produced in accordance with International Private Equity & Venture Capital Valuation ("IPEV") guidelines.

Note 4 Management of insurance and financial risk (continued)

4.4 Fair value estimation (continued)

In the absence of an active market, the fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, or the price at which similar companies have changed ownership. The exercise of judgment is required because of uncertainties inherent in estimating fair value for private equity investments. Given the bespoke nature of the analysis in respect of each holding, it is not practical to quote a range of key unobservable inputs.

The following table presents the change in level 3 instruments for the year ended 31 December 2024 (in HKD'000):

	Debt securities at value through profit and loss
At 1 January 2024	1,273
Transfer from Level 3 to Level 1	(1,273)
At 31 December 2024	-
Total gains for the year included in profit or loss for assets held at the end of the reporting period	3,522

	Private equities at fair value through profit and loss
At 1 January 2024	382,930
Payments for purchases	561,618
Proceeds from distribution	(21,223)
Net unrealised gain recognised in profit or loss during the year	121,836
Foreign exchange gain	(4,933)
At 31 December 2024	1,040,228
Total gain for the year included in profit or loss for assets held at the end of the reporting period	116,903

The following table presents the change in level 3 instruments for the year ended 31 December 2023 (in HKD'000):

	Debt securities at value through profit and loss
At 1 January 2023	1,273
At 31 December 2023	1,273
Total gains for the year included in profit or loss for assets held at the end of the reporting period	-

	Private equities at fair value through profit and loss
At 1 January 2023	-
Reclassification from available-for-sale	244,394
Payments for purchases	114,956
Proceeds from distribution	(6,671)
Net unrealised gain recognised in profit or loss during the year	29,082
Foreign exchange gain	1,169
At 31 December 2023	382,930
Total gain for the year included in profit or loss for assets held at the end of the reporting period	30,251

Note 4 Management of insurance and financial risk (continued)

4.5 Risk management

(a) Underwriting risk

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount and/or timing of the resulting claim. By the very nature of an insurance contract, this risk is random; however, it can be predicted with a certain disclosed level of reliability.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities. This could occur because the frequency or severity of claims and benefits or the amount of future expenses are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary, from year to year from the level established using statistical techniques. The goal of the statistical methods is to minimise the deviation of actual figures from the expected figures.

The main insurance risk to which the Company is exposed in life insurance contracts is mortality risk. Mortality risk is the risk that a policyholder's time of death is different than expected.

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical underwriting is also included in the Company's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicants.

The Company uses reinsurance to manage insurance risk within its risk appetite. Reinsurance is used to manage the risk in the term life insurance portfolio, by transferring some of the mortality risk pro rata to the reinsurer through quota share reinsurance contracts.

(b) Policyholder persistency risk

The amount of insurance risk is also subject to contract holder behaviour. On the assumption that policyholders will make decisions rationally, overall underwriting risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health.

This results in an increasing trend of expected mortality as the portfolio of insurance contracts reduces due to voluntary terminations.

Universal life policies, and all policies issued within Participating product lines, can be surrendered before maturity for a cash surrender value specified in the contractual terms. Cash surrender value equals the policyholder account value at the time of termination, less any surrender penalties. Through these penalties, policyholders are discouraged from surrendering contracts earlier than policy maturity. As such, penalties mitigate the expense risk arising from acquisition and other costs incurred when policies were issued, because such costs were originally assumed to be spread over a longer period, since early surrender was not expected.

Note 4 Management of insurance and financial risk (continued)

4.5 Risk management (continued)

(c) Expense risk

Expense risk is the risk of unexpected increases in policy maintenance, claim handling and other costs relating to fulfilment of insurance contracts. The risk is managed through budgeting and periodic cost evaluations.

(d) Market risk management and exposures

Market risk comprises interest rate, equity price and foreign currency risks. These risks arise from variability in fair values of financial instruments or related future cash flows, as well as from variability of the FCF of insurance contracts due to variability in market risk variables.

Interest rate risk

The Company manages interest rate risk primarily by matching the timing of cash flows from debt instruments with the timing of cash flows from insurance and reinsurance contracts. Interest rate risk exposure that remains outside the exposure limits is mitigated through interest rate derivatives.

The Company monitors interest rate risk by calculating the mean duration of the investment portfolio and the insurance contracts. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in interest rates. The mean duration of insurance liabilities is determined by means of projecting expected cash flows from the contracts. The mean duration of the assets is calculated in a consistent manner. Any gap between the mean duration of the assets and the mean duration of the liabilities is minimised by means of buying and selling fixed-interest securities of different durations. Any mismatches that remain outside the risk appetite are hedged through derivatives; however, this is performed to a very limited extent in practice.

Equity price risk

The Company's exposure to equity price risk arises from investments in equity securities to the extent that the Company is exposed to changes in market prices. The Company holds equity securities in the Participating product lines' underlying asset portfolios backing the policyholder accounts, as well as in surplus portfolios. The underlying assets are held in accordance with the contractual arrangement with policyholders, and the Company has limited risk management capacity for these underlying assets. However, the financial risk from such equities is primarily passed to policyholders.

Currency risk

The Company's policy is to issue insurance and investment contracts and invest in financial assets that are held in Hong Kong Dollars and United States Dollars. The underlying items and underlying assets for investment contracts with DPF are held in accordance with the contractual arrangement with policyholders, and the Company has limited risk management capacity for these assets. However, the currency risk from such investment assets is primarily passed to policyholders. The Company is not exposed to currency risk in other product lines or portfolios.

(e) Credit risk management and exposures

Credit risk is the risk of financial loss resulting from a counterparty's failure to meet its contractual obligations. The Company has significant credit risk arising from reinsurance contracts held. Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Company's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations, resulting in insignificant credit risk exposures to the Company.

Note 4 Management of insurance and financial risk (continued)

4.5 Risk management (continued)

(e) Credit risk management and exposures (continued)

The Company structures the levels of credit risk arising from ceded reinsurance by placing limits on its exposure to a single counterparty or groups of counterparties and to geographical and industry segments, if relevant. Such risks are subject to a review annually or more frequently. Limits on the level of credit risk by category and territory are approved quarterly by the Executive Risk Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to the finalisation of any contract. The financial analysis of reinsurers that is conducted at the Company level produces an assessment categorised by the Company's credit risk grading, based on the external credit ratings and internal reviews. The policy is to accept only low credit risk reinsurers.

The Company assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit ratings provided by ratings agencies and other publicly available financial information.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The amounts that best represent the maximum exposure to credit risk in reinsurance contract assets at the reporting dates are analysed below, using the Company's credit risk rating grading.

	31 December 2024				31 December 2023			
	AAA	AA	A	Total	AAA	AA	A	Total
Maximum credit risk exposure	-	115,823	418,780	534,603	-	125,917	130,526	256,443

(f) Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for insurance and investment activities. In extreme circumstances, lack of liquidity could result in reductions on the consolidated balance sheet and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the Company will be unable to fulfil policyholder commitments is inherent in all insurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Company's liquidity management process, as carried out within the Company and monitored by the Company, includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows, and monitoring the liquidity ratios of the consolidated balance sheet against internal and regulatory requirements. Liquidity risk is also a significant consideration when the Company evaluates its overall ALM profile.

Note 4 Management of insurance and financial risk (continued)

4.5 Risk management (continued)

(f) Liquidity risk management (continued)

Monitoring and reporting take the form of cash flow measurements and projections for the next day, week and month, respectively, because these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities, the expected claim payments for insurance contract liabilities and the expected collection date of the financial assets.

The Company also monitors unmatched medium-term assets, the level and type of near-term commitments, the usage of overdraft facilities and the impact of contingent liabilities, such as standby letters of credit and guarantees.

(g) Changes from the previous period

There were no significant changes in the Company's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous period.

(h) Underwriting risk concentration

The Company does not present underwriting risk concentration, because mortality risk in the case of direct participating contracts is not substantial, and it is managed by underwriting procedures in the same way as in Life Risk and Savings products.

Note 5 Property, plant and equipment

5.1 Property, plant and equipment

	<u>Furniture, fittings and equipment</u> HKD'000	<u>Computer equipment</u> HKD'000	<u>Telecom. equipment</u> HKD'000	<u>Total</u> HKD'000
At 1 January 2023				
Cost	80,615	42,309	4,154	127,078
Accumulated depreciation	(51,836)	(32,855)	(4,117)	(88,808)
Net book amount	<u>28,779</u>	<u>9,454</u>	<u>37</u>	<u>38,270</u>
Year ended 31 December 2023				
Opening net book amount	28,779	9,454	37	38,270
Additions	25,609	2,023	7	27,639
Disposals	-	-	-	-
Depreciation charge (Note 22)	(8,694)	(3,601)	(25)	(12,320)
Closing net book amount	<u>45,694</u>	<u>7,876</u>	<u>19</u>	<u>53,589</u>
At 31 December 2023				
Cost	106,224	44,332	4,161	154,717
Accumulated depreciation	(60,530)	(36,456)	(4,142)	(101,128)
Net book amount	<u>45,694</u>	<u>7,876</u>	<u>19</u>	<u>53,589</u>
Year ended 31 December 2024				
Opening net book amount	45,694	7,876	19	53,589
Additions	6,435	7,056	-	13,491
Disposals	-	-	-	-
Depreciation charge (Note 22)	(10,054)	(3,460)	(13)	(13,527)
Closing net book amount	<u>42,075</u>	<u>11,472</u>	<u>6</u>	<u>53,553</u>
At 31 December 2024				
Cost	112,659	51,388	4,161	168,208
Accumulated depreciation	(70,584)	(39,916)	(4,155)	(114,655)
Net book amount	<u>42,075</u>	<u>11,472</u>	<u>6</u>	<u>53,553</u>

A depreciation charge of HK\$2,027,000 (2023: HK\$2,086,000) of total depreciation of HK\$13,527,000 (2023: HK\$12,473,000) was charged back to Chubb Life Asia Services Limited and HK\$11,500,000 (2023: HK\$10,387,000) has been charged in operating expenses.

Note 5 Property, plant and equipment

5.2 Right-of-use asset

Cost	HKD'000
At 1 January 2024	352,509
During for the year	107,258
Balance as at 31 December 2024	459,767
Accumulated depreciation	
At 1 January 2024	(229,812)
Depreciation charge for the year	(50,171)
At 31 December 2024	(279,983)
Net book value	
At 31 December 2024	179,784
Cost	
At 1 January 2023	352,509
During for the year	-
Balance as at 31 December 2023	352,509
Accumulated depreciation	
At 1 January 2023	(184,349)
Depreciation charge for the year	(45,463)
At 31 December 2023	(229,812)
Net book value	
At 31 December 2023	122,697

(i) The Company's leasing activities and how these are accounted for

The Company leases the office. Rental contract is typically made for fixed periods but may have extension options as described in (ii) below.

(ii) Extension and termination options

Extension and termination options are included in the lease, across the Company. These are used to maximize operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the lessor.

Note 6 Intangible assets

	<u>Computer software</u> HKD'000	<u>Work in progress Application software</u> HKD'000	<u>Agency intangible</u> HKD'000	<u>Total</u> HKD'000
Balance as at 1 January 2023				
Cost	124,668	5,091	19,103	148,862
Accumulated amortisation	(73,035)	-	(19,103)	(92,138)
Net book amount	51,633	5,091	-	56,724
Year ended 31 December 2023				
Opening net book amount	51,633	5,091	-	56,724
Additions	28,815	9,511	5,581	43,907
Amortisation charge (Note 22)	(2,368)	(74)	(160)	(2,602)
Closing net book amount	78,080	14,528	5,421	98,029
Balance as at 31 December 2023				
Cost	153,483	14,602	24,684	192,769
Accumulated amortisation	(75,403)	(74)	(19,263)	(94,740)
Net book amount	78,080	14,528	5,421	98,029
Year ended 31 December 2024				
Opening net book amount	78,080	14,528	5,421	98,029
Additions	13,704	43,590	31,245	88,539
Amortisation charge (Note 22)	(9,311)	74	(4,853)	(14,090)
Closing net book amount	82,473	58,192	31,813	172,478
Balance as at 31 December 2024				
Cost	167,187	58,192	55,929	281,308
Accumulated amortisation	(84,714)	-	(24,116)	(108,830)
Net book amount	82,473	58,192	31,813	172,478

Amortisation expenses of HK\$14,090,000 (2023: HK\$2,602,000) has been charged in other operating expenses.

Note 7 Financial instruments

The Company's financial assets are summarised by measurement category in the tables below:

	2024	2023
	HKD'000	HKD'000
Fair value through other comprehensive income	3,178,653	208,445
Fair value through profit or loss	30,894,636	32,697,663
Loans and receivables	636,317	628,275
Total financial assets	34,709,606	33,534,383

The current portion of financial assets is HK\$1,187,136,000 (2023: HK\$598,792,000), the remaining being non-current.

The financial instruments included in each of the categories above are detailed in the tables below.

2024	<u>At</u> <u>Amortised</u> <u>Cost</u> HKD'000	<u>At fair value</u> <u>through profit</u> <u>or loss -</u> <u>Designated</u> HKD'000	<u>At fair value</u> <u>through profit</u> <u>or loss -</u> <u>Mandatory</u> HKD'000	<u>At fair value</u> <u>through other</u> <u>comprehensive</u> <u>income</u> HKD'000
Debt securities:				
Listed – fixed interest rate	-	10,103,827	87,721	1,611,533
Listed – variable interest rate	-	18,866	-	-
Unlisted – fixed interest rate	-	11,419,406	1,564,717	1,567,120
Club debentures	-	4,793	-	-
Equity securities				
Listed	-	2,245,112	-	-
Unlisted	-	1,372,544	-	-
Unit-linked funds	-	4,041,201	-	-
Derivative assets	-	36,449	-	-
Loans and receivables	636,317	-	-	-
Total financial assets	636,317	29,242,198	1,652,438	3,178,653

2023	<u>At</u> <u>Amortised</u> <u>Cost</u> HKD'000	<u>At fair value</u> <u>through profit</u> <u>or loss -</u> <u>Designated</u> HKD'000	<u>At fair value</u> <u>through profit</u> <u>or loss -</u> <u>Mandatory</u> HKD'000	<u>At fair value</u> <u>through other</u> <u>comprehensive</u> <u>income</u> HKD'000
Debt securities:				
Listed – fixed interest rate	-	11,874,820	148,270	128,293
Listed – variable interest rate	-	19,354	-	-
Unlisted – fixed interest rate	-	12,351,342	1,601,521	80,152
Club debentures	-	1,273	-	-
Equity securities				
Listed	-	1,962,845	-	-
Unlisted	-	694,208	-	-
Unit-linked funds	-	4,034,292	-	-
Unit trusts	-	9,738	-	-
Loans and receivables	628,275	-	-	-
Total financial assets	628,275	30,947,872	1,749,791	208,445

Note 7 Financial instruments (continued)

The table below shows the fair value of the Company's debt instruments measured at fair value through other comprehensive income by credit risk and year-end stage classification:

2024	Stage 1	Stage 2	Stage 3	Total
	HKD'000	HKD'000	HKD'000	HKD'000
AAA	8,254	-	-	8,254
AA+ to AA	451,953	216,603	-	668,556
A+ to A	1,757,111	160,875	-	1,917,986
Below A	473,129	82,092	-	555,221
Not rated	9,112	19,524	-	28,636
Total	2,699,559	479,094	-	3,178,653

2023	Stage 1	Stage 2	Stage 3	Total
	HKD'000	HKD'000	HKD'000	HKD'000
AAA	-	-	-	-
AA+ to AA	33,050	-	-	33,050
A+ to A	129,796	-	-	129,796
Below A	45,599	-	-	45,599
Not rated	-	-	-	-
Total	208,445	-	-	208,445

The Company's financial liabilities are summarised by measurement category in the tables below:

	2024	2023
	HKD'000	HKD'000
Fair value through profit or loss	559,814	418,666
Trade and other payables	913,349	537,232
Total financial liabilities	1,473,163	955,898

Derivative financial instruments

The derivative financial instruments included in each of the category above are detailed in the table below.

	2024	2023
	HKD'000	HKD'000
Derivative assets at fair value through profit or loss	36,449	-
Derivative liabilities at fair value through profit or loss	559,814	418,666

The current portion of derivative liabilities due within one year is HK\$17,004,000 (2023: HK\$ 976,000).

The Company has two types of derivative financial instruments, namely Currency Forward and Interest Rate Swap.

Under the Currency Forward with Chubb Tempest Life Reinsurance Ltd. which was first effective on 30 December 2011, the Company was under obligation to receive Hong Kong dollars and deliver United States dollars at an agreed price from 90 days after the effective date or rollover date of the agreement. The Company intends to rollover the forward contract every 90 days. No collateral is required as long as the value of Currency Forward is below HK\$194 million. Collateral is required when the derivative value is above HK\$194 million. Maximum exposure for both parties is HK\$389 million. Value of the derivative is settled every five years. As of 31 December 2024, the notional amount of the contract was HK\$970 million (2023: HK\$974 million).

Note 7 Financial instruments (continued)

Derivative financial instruments (continued)

Under the Interest Rate Swap with Chubb Tempest Life Reinsurance Ltd. effective on 30 December 2011, the Company pays market floating rate in return of a fixed rate against the volatile market interest environment. The variable interest rate is referenced to the Hong Kong 6 months HIBOR and is reset semi-annually. No collateral is required as long as the value of Interest Rate Swap is below HK\$194 million. Collateral is required when the derivative value is above HK\$194 million for three consecutive months. The notional amount of the interest rate swap contract is HK\$5,049 million (2023: HK\$5,049 million). The interest rate swap reduces the surplus volatility due to reserve movement from further drop of Hong Kong dollars interest rates. Maximum exposure for both parties is HK\$389 million (US\$50 million). As at 31 December 2024, the collateral assets were amounted to HK\$225,080,000 (2023: HK\$371,935,000).

Under the currency derivative arrangement managed by PIMCO effective on 4 May 2012, PIMCO would manage the currency derivative to exchange Hong Kong dollars from United States dollars. As of 31 December 2024, the notional amount of Cross Currency Swap contracts was nil (2023: nil). As of 31 December 2024, there were Currency Forward contracts with notional HK\$8,809 million (2023: HK\$9,149 million) (with net currency exposure of HK\$4,250 million (2023: HK\$4,501 million)). 5% of the total portfolio value are initially held in cash or short-term investments at the discretion of PIMCO for potential collateral requirement. As at 31 December 2024, the collateral assets were amounted to HK\$73,777,000 (2023: HK\$85,062,000).

Note 8 Loans and receivables

	2024	2023
	HKD'000	HKD'000
Accrued investment income	396,064	373,706
Prepayments and deposit	31,276	22,811
Receivables from related parties	2,087	5,279
Other receivables	192,603	226,479
Current tax assets	14,287	-
Total loans and receivables	636,317	628,275
Current	625,099	614,484
Non-current	11,218	13,791
	636,317	628,275

Note 9 Cash and cash equivalents

	2024	2023
	HKD'000	HKD'000
Cash at bank and on hand	935,857	1,180,782

Note 10 Share capital

Ordinary shares, issued and fully paid	Number of shares	Amount HKD'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	200,000	200,532

Ordinary shares have no par value. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid in the shares held.

The Company does not have a limited amount of authorised capital.

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities)

The following tables demonstrate the insurance liabilities (assets) and reinsurance assets (liabilities) movement during the year.

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims - Accident and Health

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2024				
Net Opening Balance				
Opening Insurance Contract Assets	8,537	(432)	2,161	10,266
Opening Insurance Contract Liabilities	-	-	-	-
Total Net Opening Balance	8,537	(432)	2,161	10,266
Insurance Revenue				
Contracts under Fair Value	6,889	-	-	6,889
New Business and contracts under Full Retrospective Approach	69,250	-	-	69,250
Total Insurance Revenue	76,139	-	-	76,139
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	(36)	1,711	(37,796)	(36,121)
Acquisition Expenses Cashflow Amortisation	(3,160)	-	-	(3,160)
Losses and Reversals on Onerous Contracts	-	(1,277)	-	(1,277)
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	(13,270)	(13,270)
Total Insurance Service Expenses	(3,196)	434	(51,066)	(53,828)
Total Insurance Service Result	72,943	434	(51,066)	22,311
Insurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(557)	(37)	-	(594)
Effect of Movements in Exchange Rates	-	-	-	-
Total Insurance Finance Expenses	(557)	(37)	-	(594)
Total Changes in the Statement of Comprehensive Income	72,386	397	(51,066)	21,717
Investment Components				
Investment Components	4,051	-	(4,051)	-
Total Investment Components	4,051	-	(4,051)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Cash Flows				
Premiums Received	(98,004)	-	-	(98,004)
Claims and other Direct Attributable Expense Paid	-	-	38,105	38,105
Insurance Acquisition Cash Flows	8,334	-	-	8,334
Total Cash Flows	(89,670)	-	38,105	(51,565)
Net Closing Balance				
Closing Insurance Contract Assets	2,345	-	11,032	13,377
Closing Insurance Contract Liabilities	(7,041)	(35)	(25,883)	(32,959)
Total Net Closing Balance	(4,696)	(35)	(14,851)	(19,582)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims - Accident and Health (continued)

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023				
Net Opening Balance				
Opening Insurance Contract Assets	(4,889)	-	8,612	3,723
Opening Insurance Contract Liabilities	12,373	(2,438)	(30,378)	(20,443)
Total Net Opening Balance	7,484	(2,438)	(21,766)	(16,720)
Insurance Revenue				
Contracts under Fair Value	23,607	-	-	23,607
New Business and contracts under Full Retrospective Approach	82,748	-	-	82,748
Total Insurance Revenue	106,355	-	-	106,355
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	(16,064)	3,213	(45,695)	(58,546)
Acquisition Expenses Cashflow Amortisation	(85)	-	-	(85)
Losses and Reversals on Onerous Contracts	-	(1,172)	-	(1,172)
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	1,821	1,821
Total Insurance Service Expenses	(16,149)	2,041	(43,874)	(57,982)
Total Insurance Service Result	90,206	2,041	(43,874)	48,373
Insurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	92	(35)	-	57
Effect of Movements in Exchange Rates	-	-	-	-
Total Insurance Finance Expenses	92	(35)	-	57
Total Changes in the Statement of Comprehensive Income	90,298	2,006	(43,874)	48,430
Investment Components				
Investment Components	-	-	-	-
Total Investment Components	-	-	-	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Cash Flows				
Premiums Received	(105,359)	-	-	(105,359)
Claims and Direct Attributable Expense Paid	-	-	67,801	67,801
Insurance Acquisition Cash Flows	16,114	-	-	16,114
Total Cash Flows	(89,245)	-	67,801	(21,444)
Net Closing Balance				
Closing Insurance Contract Assets	8,537	(432)	2,161	10,266
Closing Insurance Contract Liabilities	-	-	-	-
Total Net Closing Balance	8,537	(432)	2,161	10,266

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims - Life Savings

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2024				
Net Opening Balance				
Opening Insurance Contract Assets	-	-	-	-
Opening Insurance Contract Liabilities	(26,979,433)	(1,294,389)	(10,994)	(28,284,816)
Total Net Opening Balance	(26,979,433)	(1,294,389)	(10,994)	(28,284,816)
Insurance Revenue				
Contracts under Fair Value	272,851	-	-	272,851
New Business and contracts under Full Retrospective Approach	(21,276)	-	-	(21,276)
Contract Modification	24,344,514	2,617,900	71,864	27,034,278
Total Insurance Revenue	24,596,089	2,617,900	71,864	27,285,853
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	(47,898)	69,283	(203,505)	(182,120)
Acquisition Expenses Cashflow Amortisation	(19,409)	-	-	(19,409)
Losses and Reversals on Onerous Contracts	-	(1,321,169)	-	(1,321,169)
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	(4,788)	(4,788)
Total Insurance Service Expenses	(67,307)	(1,251,886)	(208,293)	(1,527,486)
Total Insurance Service Result	24,528,782	1,366,014	(136,429)	25,758,367
Insurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	2,172,622	(47,983)	-	2,124,639
Effect of Movements in Exchange Rates	92,705	(30,490)	(2,634)	59,581
Total Insurance Finance Expenses	2,265,327	(78,473)	(2,634)	2,184,220
Total Changes in the Statement of Comprehensive Income	26,794,109	1,287,541	(139,063)	27,942,587
Investment Components				
Investment Components	835,817	-	(835,817)	-
Total Investment Components	835,817	-	(835,817)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Other Movements				
Other Movements	661,834	-	(2,471)	659,363
Total Other Movements	661,834	-	(2,471)	659,363
Cash Flows				
Premiums Received	(1,800,225)	-	-	(1,800,225)
Claims and other Direct Attributable Expense Paid	-	-	988,282	988,282
Insurance Acquisition Cash Flows	454,815	-	-	454,815
Total Cash Flows	(1,345,410)	-	988,282	(357,128)
Net Closing Balance				
Closing Insurance Contract Assets	-	-	-	-
Closing Insurance Contract Liabilities	(33,083)	(6,848)	(63)	(39,994)
Total Net Closing Balance	(33,083)	(6,848)	(63)	(39,994)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims - Life Savings (continued)

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance				
Opening Insurance Contract Assets	-	-	-	-
Opening Insurance Contract Liabilities	(23,451,949)	(393,546)	(63,347)	(23,908,842)
Total Net Opening Balance	(23,451,949)	(393,546)	(63,347)	(23,908,842)
Insurance Revenue				
Contracts under Fair Value	582,292	-	-	582,292
New Business and contracts under Full Retrospective Approach	(214,830)	-	-	(214,830)
Total Insurance Revenue	367,462	-	-	367,462
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	(19,904)	322,035	(498,462)	(196,331)
Acquisition Expenses Cashflow Amortisation	(23,317)	-	-	(23,317)
Losses and Reversals on Onerous Contracts	-	(1,231,530)	-	(1,231,530)
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	(537)	(537)
Total Insurance Service Expenses	(43,221)	(909,495)	(498,999)	(1,451,715)
Total Insurance Service Result	324,241	(909,495)	(498,999)	(1,084,253)
Insurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(2,343,779)	(26,808)	10,730	(2,359,857)
Effect of Movements in Exchange Rates	(63,987)	(28)	(996)	(65,011)
Total Insurance Finance Expenses	(2,407,766)	(26,836)	9,734	(2,424,868)
Total Changes in the Statement of Comprehensive Income	(2,083,525)	(936,331)	(489,265)	(3,509,121)
Investment Components				
Investment Components	1,034,709	-	(1,034,709)	-
Total Investment Components	1,034,709	-	(1,034,709)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Cash Flows				
Premiums Received	(2,863,427)	-	-	(2,863,427)
Claims and Direct Attributable Expense Paid	73,664	35,488	1,576,327	1,685,479
Insurance Acquisition Cash Flows	311,095	-	-	311,095
Total Cash Flows	(2,478,668)	35,488	1,576,327	(866,853)
Net Closing Balance				
Closing Insurance Contract Assets	-	-	-	-
Closing Insurance Contract Liabilities	(26,979,433)	(1,294,389)	(10,994)	(28,284,816)
Total Net Closing Balance	(26,979,433)	(1,294,389)	(10,994)	(28,284,816)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims – Life Risks

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance				
Opening Insurance Contract Assets	-	-	-	-
Opening Insurance Contract Liabilities	(3,156,629)	(53,617)	(66,740)	(3,276,986)
Total Net Opening Balance	(3,156,629)	(53,617)	(66,740)	(3,276,986)
Insurance Revenue				
Contracts under Fair Value	217,110	-	-	217,110
New Business and contracts under Full Retrospective Approach	42,609	-	-	42,609
Total Insurance Revenue	259,719	-	-	259,719
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	(2,402)	12,196	(127,382)	(117,588)
Acquisition Expenses Cashflow Amortisation	(7,785)	-	-	(7,785)
Losses and Reversals on Onerous Contracts	-	(55,988)	-	(55,988)
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	23,000	23,000
Total Insurance Service Expenses	(10,187)	(43,792)	(104,382)	(158,361)
Total Insurance Service Result	249,532	(43,792)	(104,382)	101,358
Insurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(8,886)	(2,403)	-	(11,289)
Effect of Movements in Exchange Rates	12,364	(9,903)	(1,966)	495
Total Insurance Finance Expenses	3,478	(12,306)	(1,966)	(10,794)
Total Changes in the Statement of Comprehensive Income	253,010	(56,098)	(106,348)	90,564
Investment Components				
Investment Components	551,690	-	(551,690)	-
Total Investment Components	551,690	-	(551,690)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Cash Flows				
Premiums Received	(252,805)	-	-	(252,805)
Claims and other Direct Attributable Expense Paid	-	-	560,138	560,138
Insurance Acquisition Cash Flows	42,486	-	-	42,486
Total Cash Flows	(210,319)	-	560,138	349,819
Net Closing Balance				
Closing Insurance Contract Assets	222,730	(3)	61	222,788
Closing Insurance Contract Liabilities	(2,784,978)	(109,712)	(164,701)	(3,059,391)
Total Net Closing Balance	(2,562,248)	(109,715)	(164,640)	(2,836,603)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims – Life Risks (continued)

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023				
Net Opening Balance				
Opening Insurance Contract Assets	-	-	-	-
Opening Insurance Contract Liabilities	(3,129,884)	(65,071)	(46,817)	(3,241,772)
Total Net Opening Balance	(3,129,884)	(65,071)	(46,817)	(3,241,772)
Insurance Revenue				
Contracts under Fair Value	215,862	-	-	215,862
New Business and contracts under Full Retrospective Approach	20,944	-	-	20,944
Total Insurance Revenue	236,806	-	-	236,806
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	(10,514)	10,081	(201,422)	(201,855)
Acquisition Expenses Cashflow Amortisation	(9,972)	-	-	(9,972)
Losses and Reversals on Onerous Contracts	-	3,732	-	3,732
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	(2,073)	(2,073)
Total Insurance Service Expenses	(20,486)	13,813	(203,495)	(210,168)
Total Insurance Service Result	216,320	13,813	(203,495)	26,638
Insurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(44,958)	(2,007)	(10,731)	(57,696)
Effect of Movements in Exchange Rates	(7,847)	(352)	(195)	(8,394)
Total Insurance Finance Expenses	(52,805)	(2,359)	(10,926)	(66,090)
Total Changes in the Statement of Comprehensive Income	163,515	11,454	(214,421)	(39,452)
Investment Components				
Investment Components	424,477	-	(424,477)	-
Total Investment Components	424,477	-	(424,477)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Cash Flows				
Premiums Received	(689,575)	-	-	(689,575)
Claims and Direct Attributable Expense Paid	-	-	618,975	618,975
Insurance Acquisition Cash Flows	74,838	-	-	74,838
Total Cash Flows	(614,737)	-	618,975	4,238
Net Closing Balance				
Closing Insurance Contract Assets	-	-	-	-
Closing Insurance Contract Liabilities	(3,156,629)	(53,617)	(66,740)	(3,276,986)
Total Net Closing Balance	(3,156,629)	(53,617)	(66,740)	(3,276,986)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims – Direct Participating Contracts

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2024				
Net Opening Balance				
Opening Insurance Contract Assets	-	-	-	-
Opening Insurance Contract Liabilities	(1,737,580)	-	147,118	(1,590,462)
Total Net Opening Balance	(1,737,580)	-	147,118	(1,590,462)
Insurance Revenue				
Contracts under Fair Value	556,310	-	-	556,310
New Business and contracts under Full Retrospective Approach	36,630	-	-	36,630
Contract Modification	(22,764,272)	-	-	(22,764,272)
Total Insurance Revenue	(22,171,332)	-	-	(22,171,332)
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	2	411	(354,291)	(353,878)
Acquisition Expenses Cashflow Amortisation	(21,973)	-	-	(21,973)
Losses and Reversals on Onerous Contracts	-	(704)	-	(704)
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	32,425	32,425
Total Insurance Service Expenses	(21,971)	(293)	(321,866)	(344,130)
Total Insurance Service Result	(22,193,303)	(293)	(321,866)	(22,515,462)
Insurance Finance Expenses				
Net Finance Income from Insurance Contracts	(611,072)	-	-	(611,072)
Effect of Movements in Exchange Rates	432,575	(38)	(233,770)	198,767
Total Insurance Finance Expenses	(178,497)	(38)	(233,770)	(412,305)
Total Changes in the Statement of Comprehensive Income	(22,371,800)	(331)	(555,636)	(22,927,767)
Investment Components				
Investment Components	1,118,912	-	(1,118,912)	-
Total Investment Components	1,118,912	-	(1,118,912)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Other Movements				
Other Movements	(661,834)	-	2,471	(659,363)
Total Other Movements	(661,834)	-	2,471	(659,363)
Cash Flows				
Premiums Received	(2,303,572)	-	-	(2,303,572)
Claims and other Direct Attributable Expense Paid	-	-	1,330,100	1,330,100
Insurance Acquisition Cash Flows	615,981	-	-	615,981
Total Cash Flows	(1,687,591)	-	1,330,100	(357,491)
Net Closing Balance				
Closing Insurance Contract Assets	88,276	-	3,241	91,517
Closing Insurance Contract Liabilities	(25,428,169)	(331)	(198,100)	(25,626,600)
Total Net Closing Balance	(25,339,893)	(331)	(194,859)	(25,535,083)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Liability for Remaining Coverage and Liability for Incurred Claims – Direct Participating Contracts (continued)

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims Not under PAA	Total
	Excluding Loss Component	Loss Component		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023				
Net Opening Balance				
Opening Insurance Contract Assets	-	-	-	-
Opening Insurance Contract Liabilities	(1,609,745)	-	(8,535)	(1,618,280)
Total Net Opening Balance	(1,609,745)	-	(8,535)	(1,618,280)
Insurance Revenue				
Contracts under Fair Value	121,671	-	-	121,671
New Business and contracts under Full Retrospective Approach	-	-	-	-
Total Insurance Revenue	121,671	-	-	121,671
Insurance Service Expenses				
Incurred Claims and Directly Attributable Expenses	-	-	(86,263)	(86,263)
Acquisition Expenses Cashflow Amortisation	(3)	-	-	(3)
Losses and Reversals on Onerous Contracts	-	-	-	-
Changes Related to Past Service - Liabilities for Incurred Claims	-	-	-	-
Total Insurance Service Expenses	(3)	-	(86,263)	(86,266)
Total Insurance Service Result	121,668	-	(86,263)	35,405
Insurance Finance Expenses				
Net Finance Income from Insurance Contracts	(71,774)	-	-	(71,774)
Effect of Movements in Exchange Rates	-	-	-	-
Total Insurance Finance Expenses	(71,774)	-	-	(71,774)
Total Changes in the Statement of Comprehensive Income	49,894	-	(86,263)	(36,369)
Investment Components				
Investment Components	130,374	-	(130,374)	-
Total Investment Components	130,374	-	(130,374)	-
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts				
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-
Cash Flows				
Premiums Received	(308,936)	-	-	(308,936)
Claims and Direct Attributable Expense Paid	-	-	372,290	372,290
Insurance Acquisition Cash Flows	833	-	-	833
Total Cash Flows	(308,103)	-	372,290	64,187
Net Closing Balance				
Closing Insurance Contract Assets	-	-	-	-
Closing Insurance Contract Liabilities	(1,737,580)	-	147,118	(1,590,462)
Total Net Closing Balance	(1,737,580)	-	147,118	(1,590,462)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Contract Liabilities – Accident and Health

	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2024					
Net Opening Balance					
Opening Insurance Contract Assets	36,815	(2,737)	(9,187)	(14,625)	10,266
Opening Insurance Contract Liabilities	-	-	-	-	-
Total Net Opening Balance	36,815	(2,737)	(9,187)	(14,625)	10,266
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	11,162	4,067	15,229
Change in RA for Non-Financial Risk Expired	-	3,300	-	-	3,300
Experience Adjustments	18,329	-	-	-	18,329
Total Changes that Relate to Current Service	18,329	3,300	11,162	4,067	36,858
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	24,145	(3,216)	(23,015)	-	(2,086)
Changes in Estimates that Adjust the CSM	(2,812)	387	3,204	(779)	-
Changes that Result in Onerous Losses or Reversal of Losses	2,373	35	(1,599)	-	809
Total Changes that Relate to Future Service	23,706	(2,794)	(21,410)	(779)	(1,277)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	(12,605)	(665)	-	-	(13,270)
Total Changes that Relate to Past Service	(12,605)	(665)	-	-	(13,270)
Total Insurance Service Result	29,430	(159)	(10,248)	3,288	22,311
Amounts Recognised in Comprehensive Income					
Interest Accreted and Changes in Interest Rates and Other Financial Assumptions	733	-	(888)	(439)	(594)
Effect of Movements in Exchange Rates	-	-	-	-	-
Total Amounts Recognised in Comprehensive Income	733	-	(888)	(439)	(594)
Total Amounts Recognised in Comprehensive Income	30,163	(159)	(11,136)	2,849	21,717
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Cash Flows					
Premiums Received	(98,004)	-	-	-	(98,004)
Claims and Other Directly Attributable Expenses Paid	38,105	-	-	-	38,105
Insurance Acquisition Cash Flows	8,334	-	-	-	8,334
Total Cash Flows	(51,565)	-	-	-	(51,565)
Net Closing Balance					
Closing Insurance Contract Assets	29,220	(1,650)	(11,998)	(2,195)	13,377
Closing Insurance Contract Liabilities	(13,807)	(1,246)	(8,325)	(9,581)	(32,959)
Total Net Closing Balance	15,413	(2,896)	(20,323)	(11,776)	(19,582)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) **(continued)**

Reconciliation of the Measurement Components of Contract Liabilities – Accident and Health (continued)

	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2023					
Net Opening Balance					
Opening Insurance Contract Assets	7,090	(287)	-	(3,080)	3,723
Opening Insurance Contract Liabilities	(4,026)	(5,222)	(5,924)	(5,271)	(20,443)
Total Net Opening Balance	3,064	(5,509)	(5,924)	(8,351)	(16,720)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	11,737	9,926	21,663
Change in RA for Non-Financial Risk Expired	-	6,413	-	-	6,413
Experience Adjustments	19,648	-	-	-	19,648
Total Changes that Relate to Current Service	19,648	6,413	11,737	9,926	47,724
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	25,411	(5,094)	(31,852)	-	(11,535)
Changes in Estimates that Adjust the CSM	(1,550)	(368)	17,897	(15,979)	-
Changes that Result in Onerous Losses or Reversal of Losses	10,363	-	-	-	10,363
Total Changes that Relate to Future Service	34,224	(5,462)	(13,955)	(15,979)	(1,172)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	1,821	-	-	1,821
Total Changes that Relate to Past Service	-	1,821	-	-	1,821
Total Insurance Service Result	53,872	2,772	(2,218)	(6,053)	48,373
Amounts Recognised in Comprehensive Income					
Interest Accreted and Changes in Interest Rates and Other Financial Assumptions	1,322	-	(1,045)	(220)	57
Effect of Movements in Exchange Rates	1	-	-	(1)	-
Total Amounts Recognised in Comprehensive Income	1,323	-	(1,045)	(221)	57
Total Amounts Recognised in Comprehensive Income	55,195	2,772	(3,263)	(6,274)	48,430
Allocation from Assets for Insurance Acquisition					
Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Cash Flows					
Premiums Received	(105,359)	-	-	-	(105,359)
Claims and Other Directly Attributable Expenses Paid	67,801	-	-	-	67,801
Insurance Acquisition Cash Flows	16,114	-	-	-	16,114
Total Cash Flows	(21,444)	-	-	-	(21,444)
Net Closing Balance					
Closing Insurance Contract Assets	36,815	(2,737)	(9,187)	(14,625)	10,266
Closing Insurance Contract Liabilities	-	-	-	-	-
Total Net Closing Balance	36,815	(2,737)	(9,187)	(14,625)	10,266

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) **(continued)**

Reconciliation of the Measurement Components of Contract Liabilities – Life Savings

	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2024					
Net Opening Balance					
Opening Insurance Contract Assets	-	-	-	-	-
Opening Insurance Contract Liabilities	(23,155,590)	(570,227)	(213,100)	(4,345,899)	(28,284,816)
Total Net Opening Balance	(23,155,590)	(570,227)	(213,100)	(4,345,899)	(28,284,816)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	10,851	77,220	88,071
Change in RA for Non-Financial Risk Expired	-	10,295	-	-	10,295
Experience Adjustments	(48,320)	-	-	-	(48,320)
Contract Modification	21,996,696	507,430	424,827	4,105,325	27,034,278
Total Changes that Relate to Current Service	21,948,376	517,725	435,678	4,182,545	27,084,324
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	(1,285,328)	(25,569)	(144,818)	-	(1,455,715)
Changes in Estimates that Adjust the CSM	15,569	69,346	(82,355)	(2,560)	-
Changes that Result in Onerous Losses or Reversal of Losses	172,185	(36,808)	(831)	-	134,546
Total Changes that Relate to Future Service	(1,097,574)	6,969	(228,004)	(2,560)	(1,321,169)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	(3,771)	(1,017)	-	-	(4,788)
Total Changes that Relate to Past Service	(3,771)	(1,017)	-	-	(4,788)
Total Insurance Service Result	20,847,031	523,677	207,674	4,179,985	25,758,367
Amounts Recognised in Comprehensive Income					
Interest Accreted and Changes in Interest Rates and Other Financial Assumptions	2,183,974	-	(8,739)	(50,596)	2,124,639
Effect of Movements in Exchange Rates	41,524	2,294	2,794	12,969	59,581
Total Amounts Recognised in Comprehensive Income	2,225,498	2,294	(5,945)	(37,627)	2,184,220
Total Amounts Recognised in Comprehensive Income	23,072,529	525,971	201,729	4,142,358	27,942,587
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Other Movements					
Other Movements	400,198	44,253	11,371	203,541	659,363
Total Other Movements	400,198	44,253	11,371	203,541	659,363
Cash Flows					
Premiums Received	(1,800,225)	-	-	-	(1,800,225)
Claims and Other Directly Attributable Expenses Paid	988,282	-	-	-	988,282
Insurance Acquisition Cash Flows	454,815	-	-	-	454,815
Total Cash Flows	(357,128)	-	-	-	(357,128)
Net Closing Balance					
Closing Insurance Contract Assets	-	-	-	-	-
Closing Insurance Contract Liabilities	(39,991)	(3)	-	-	(39,994)
Total Net Closing Balance	(39,991)	(3)	-	-	(39,994)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) **(continued)**

Reconciliation of the Measurement Components of Contract Liabilities – Life Savings (continued)

	PV of Future Cash Flows	RA Non- financial Risk	CSM		Total
			New Business and Contracts Measured under FRA	Contracts Measured under FVA	
2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance					
Opening Insurance Contract Assets	-	-	-	-	-
Opening Insurance Contract Liabilities	(18,187,309)	(488,909)	(28,668)	(5,203,956)	(23,908,842)
Total Net Opening Balance	(18,187,309)	(488,909)	(28,668)	(5,203,956)	(23,908,842)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	11,531	173,943	185,474
Change in RA for Non-Financial Risk Expired	-	8,091	-	-	8,091
Experience Adjustments	(45,751)	-	-	-	(45,751)
Total Changes that Relate to Current Service	(45,751)	8,091	11,531	173,943	147,814
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	(882,828)	(19,544)	(98,670)	-	(1,001,042)
Changes in Estimates that Adjust the CSM	(669,650)	(68,143)	(90,622)	828,415	-
Changes that Result in Onerous Losses or Reversal of Losses	(210,650)	563	(12,239)	(8,162)	(230,488)
Total Changes that Relate to Future Service	(1,763,128)	(87,124)	(201,531)	820,253	(1,231,530)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	(537)	-	-	(537)
Total Changes that Relate to Past Service	-	(537)	-	-	(537)
Total Insurance Service Result	(1,808,879)	(79,570)	(190,000)	994,196	(1,084,253)
Amounts Recognised in Comprehensive Income					
Interest Accreted and Changes in Interest Rates and Other Financial Assumptions	(2,248,964)	-	6,484	(117,377)	(2,359,857)
Effect of Movements in Exchange Rates	(43,585)	(1,748)	(916)	(18,762)	(65,011)
Total Amounts Recognised in Comprehensive Income	(2,292,549)	(1,748)	5,568	(136,139)	(2,424,868)
Total Amounts Recognised in Comprehensive Income	(4,101,428)	(81,318)	(184,432)	858,057	(3,509,121)
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Cash Flows					
Premiums Received	(2,863,427)	-	-	-	(2,863,427)
Claims and Other Directly Attributable Expenses Paid	1,685,479	-	-	-	1,685,479
Insurance Acquisition Cash Flows	311,095	-	-	-	311,095
Total Cash Flows	(866,853)	-	-	-	(866,853)
Net Closing Balance					
Closing Insurance Contract Assets	-	-	-	-	-
Closing Insurance Contract Liabilities	(23,155,590)	(570,227)	(213,100)	(4,345,899)	(28,284,816)
Total Net Closing Balance	(23,155,590)	(570,227)	(213,100)	(4,345,899)	(28,284,816)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Contract Liabilities – Life Risks

	PV of Future Cash Flows	RA Non- financial Risk	CSM		Total
			New Business and Contracts Measured under FRA	Contracts Measured under FVA	
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance					
Opening Insurance Contract Assets	-	-	-	-	-
Opening Insurance Contract Liabilities	(2,109,565)	(144,403)	(117,727)	(905,291)	(3,276,986)
Total Net Opening Balance	(2,109,565)	(144,403)	(117,727)	(905,291)	(3,276,986)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	19,228	47,658	66,886
Change in RA for Non-Financial Risk Expired	-	4,975	-	-	4,975
Experience Adjustments	62,485	-	-	-	62,485
Total Changes that Relate to Current Service	62,485	4,975	19,228	47,658	134,346
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	126,761	(12,057)	(126,744)	-	(12,040)
Changes in Estimates that Adjust the CSM	(65,070)	3,530	(67,639)	129,179	-
Changes that Result in Onerous Losses or Reversal of Losses	(45,807)	1,859	-	-	(43,948)
Total Changes that Relate to Future Service	15,884	(6,668)	(194,383)	129,179	(55,988)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	18,254	4,746	-	-	23,000
Total Changes that Relate to Past Service	18,254	4,746	-	-	23,000
Total Insurance Service Result	96,623	3,053	(175,155)	176,837	101,358
Amounts Recognised in Comprehensive Income					
Interest Accreted and Changes in Interest Rates and Other Financial Assumptions	20,921	-	(9,364)	(22,846)	(11,289)
Effect of Movements in Exchange Rates	(2,838)	384	1,131	1,818	495
Total Amounts Recognised in Comprehensive Income	18,083	384	(8,233)	(21,028)	(10,794)
Total Amounts Recognised in Comprehensive Income	114,706	3,437	(183,388)	155,809	90,564
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Cash Flows					
Premiums Received	(252,805)	-	-	-	(252,805)
Claims and Other Directly Attributable Expenses Paid	560,138	-	-	-	560,138
Insurance Acquisition Cash Flows	42,486	-	-	-	42,486
Total Cash Flows	349,819	-	-	-	349,819
Net Closing Balance					
Closing Insurance Contract Assets	232,853	(9)	(10,056)	-	222,788
Closing Insurance Contract Liabilities	(1,877,893)	(140,957)	(291,059)	(749,482)	(3,059,391)
Total Net Closing Balance	(1,645,040)	(140,966)	(301,115)	(749,482)	(2,836,603)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Contract Liabilities – Life Risks (continued)

	CSM				Total HK\$'000
	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2023					
Net Opening Balance					
Opening Insurance Contract Assets	-	-	-	-	-
Opening Insurance Contract Liabilities	(2,162,206)	(112,553)	8,277	(975,290)	(3,241,772)
Total Net Opening Balance	(2,162,206)	(112,553)	8,277	(975,290)	(3,241,772)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	8,559	55,897	64,456
Change in RA for Non-Financial Risk Expired	-	2,618	-	-	2,618
Experience Adjustments	(42,095)	-	-	-	(42,095)
Total Changes that Relate to Current Service	(42,095)	2,618	8,559	55,897	24,979
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	18,521	(4,782)	(20,805)	-	(7,066)
Changes in Estimates that Adjust the CSM	17,447	(27,387)	(70,213)	80,153	-
Changes that Result in Onerous Losses or Reversal of Losses	94,123	32	(42,536)	(40,821)	10,798
Total Changes that Relate to Future Service	130,091	(32,137)	(133,554)	39,332	3,732
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	(2,073)	-	-	(2,073)
Total Changes that Relate to Past Service	-	(2,073)	-	-	(2,073)
Total Insurance Service Result	87,996	(31,592)	(124,995)	95,229	26,638
Amounts Recognised in Comprehensive Income					
Interest Accreted and Changes in Interest Rates and Other Financial Assumptions	(34,278)	-	(515)	(22,903)	(57,696)
Effect of Movements in Exchange Rates	(5,315)	(258)	(494)	(2,327)	(8,394)
Total Amounts Recognised in Comprehensive Income	(39,593)	(258)	(1,009)	(25,230)	(66,090)
Total Amounts Recognised in Comprehensive Income	48,403	(31,850)	(126,004)	69,999	(39,452)
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Cash Flows					
Premiums Received	(689,575)	-	-	-	(689,575)
Claims and Other Directly Attributable Expenses Paid	618,975	-	-	-	618,975
Insurance Acquisition Cash Flows	74,838	-	-	-	74,838
Total Cash Flows	4,238	-	-	-	4,238
Net Closing Balance					
Closing Insurance Contract Assets	-	-	-	-	-
Closing Insurance Contract Liabilities	(2,109,565)	(144,403)	(117,727)	(905,291)	(3,276,986)
Total Net Closing Balance	(2,109,565)	(144,403)	(117,727)	(905,291)	(3,276,986)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Contract Liabilities – Direct Participating Contracts

	PV of Future Cash Flows	RA Non- financial Risk	CSM		Total
			New Business and Contracts Measured under FRA	Contracts Measured under FVA	
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance					
Opening Insurance Contract Assets	-	-	-	-	-
Opening Insurance Contract Liabilities	(962,725)	(97,779)	-	(529,958)	(1,590,462)
Total Net Opening Balance	(962,725)	(97,779)	-	(529,958)	(1,590,462)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	18,872	216,810	235,682
Change in RA for Non-Financial Risk Expired	-	6,552	-	-	6,552
Experience Adjustments	(25,145)	-	-	-	(25,145)
Contract Modification	(13,253,731)	(475,937)	-	(9,034,604)	(22,764,272)
Total Changes that Relate to Current Service	(13,278,876)	(469,385)	18,872	(8,817,794)	(22,547,183)
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	165,480	(17,027)	(197,290)	-	(48,837)
Changes in Estimates that Adjust the CSM	(349,770)	21,235	(264,948)	593,483	-
Changes that Result in Onerous Losses or Reversal of Losses	46,747	1,386	-	-	48,133
Total Changes that Relate to Future Service	(137,543)	5,594	(462,238)	593,483	(704)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	27,553	4,872	-	-	32,425
Total Changes that Relate to Past Service	27,553	4,872	-	-	32,425
Total Insurance Service Result	(13,388,866)	(458,919)	(443,366)	(8,224,311)	(22,515,462)
Amounts Recognised in Comprehensive Income					
Net Finance Income from Insurance Contracts	(404,377)	-	1,486	(208,181)	(611,072)
Effect of Movements in Exchange Rates	332,654	17,610	99,405	(250,902)	198,767
Total Amounts Recognised in Comprehensive Income	(71,723)	17,610	100,891	(459,083)	(412,305)
Total Amounts Recognised in Comprehensive Income	(13,460,589)	(441,309)	(342,475)	(8,683,394)	(22,927,767)
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Other Movements					
Other Movements	(400,198)	(44,253)	(11,371)	(203,541)	(659,363)
Total Other Movements	(400,198)	(44,253)	(11,371)	(203,541)	(659,363)
Cash Flows					
Premiums Received	(2,303,572)	-	-	-	(2,303,572)
Claims and Other Directly Attributable Expenses Paid	1,330,100	-	-	-	1,330,100
Insurance Acquisition Cash Flows	615,981	-	-	-	615,981
Total Cash Flows	(357,491)	-	-	-	(357,491)
Net Closing Balance					
Closing Insurance Contract Assets	(1,205)	(256)	92,978	-	91,517
Closing Insurance Contract Liabilities	(15,179,798)	(583,085)	(446,824)	(9,416,893)	(25,626,600)
Total Net Closing Balance	(15,181,003)	(583,341)	(353,846)	(9,416,893)	(25,535,083)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) **(continued)**

Reconciliation of the Measurement Components of Contract Liabilities – Direct Participating Contracts **(continued)**

	PV of Future Cash Flows	RA Non- financial Risk	CSM		Total
			New Business and Contracts Measured under FRA	Contracts Measured under FVA	
2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance					
Opening Insurance Contract Assets	-	-	-	-	-
Opening Insurance Contract Liabilities	(895,528)	(95,461)	-	(627,291)	(1,618,280)
Total Net Opening Balance	(895,528)	(95,461)	-	(627,291)	(1,618,280)
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	-	32,206	32,206
Change in RA for Non-Financial Risk Expired	-	3,107	-	-	3,107
Experience Adjustments	92	-	-	-	92
Total Changes that Relate to Current Service	92	3,107	-	32,206	35,405
Changes that Relate to Future Service					
Contracts Initially Recognised in the Period	-	-	-	-	-
Changes in Estimates that Adjust the CSM	(86,730)	(5,425)	-	92,155	-
Changes that Result in Onerous Losses or Reversal of Losses	-	-	-	-	-
Total Changes that Relate to Future Service	(86,730)	(5,425)	-	92,155	-
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	-	-	-	-
Total Changes that Relate to Past Service	-	-	-	-	-
Total Insurance Service Result	(86,638)	(2,318)	-	124,361	35,405
Amounts Recognised in Comprehensive Income					
Net Finance Income from Insurance Contracts	(44,746)	-	-	(27,028)	(71,774)
Effect of Movements in Exchange Rates	-	-	-	-	-
Total Amounts Recognised in Comprehensive Income	(44,746)	-	-	(27,028)	(71,774)
Total Amounts Recognised in Comprehensive Income	(131,384)	(2,318)	-	97,333	(36,369)
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts					
Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Total Allocation from Assets for Insurance Acquisition Cash Flows to Groups of Insurance Contracts	-	-	-	-	-
Cash Flows					
Premiums Received	(308,936)	-	-	-	(308,936)
Claims and Other Directly Attributable Expenses Paid	372,290	-	-	-	372,290
Insurance Acquisition Cash Flows	833	-	-	-	833
Total Cash Flows	64,187	-	-	-	64,187
Net Closing Balance					
Closing Insurance Contract Assets	-	-	-	-	-
Closing Insurance Contract Liabilities	(962,725)	(97,779)	-	(529,958)	(1,590,462)
Total Net Closing Balance	(962,725)	(97,779)	-	(529,958)	(1,590,462)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reinsurance - Reconciliation of the Remaining Coverage and Incurred Claims – Accident and Health

	Assets for Remaining Coverage			Total HK\$'000
	Excluding Loss- Recovery Component HK\$'000	Loss- Recovery Component HK\$'000	Recoveries on Incurred Claims Not under PAA HK\$'000	
2024				
Net Opening Balance				
Opening Reinsurance Contract Assets	9,601	-	-	9,601
Opening Reinsurance Contract Liabilities	(3,212)	207	528	(2,477)
Total Net Opening Balance	6,389	207	528	7,124
Net Income / (Expenses) from Reinsurance Contracts Held				
Allocation of Reinsurance Premiums Paid	2,152	-	-	2,152
Recoveries of Incurred Claims and Other Insurance Service Expenses	(2,457)	(712)	-	(3,169)
Changes Relating to Past Service - Adjustment to Recoveries of Incurred Claims	-	-	(106)	(106)
Recoveries & Reversals of Recoveries of Underlying Losses	-	(367)	-	(367)
Reinsurance Acquisition Cash Flows Amortisation	-	-	-	-
Changes in the Risk of Reinsurers Non-performance	-	-	-	-
Total Net Income / (Expenses) from Reinsurance Contracts	(305)	(1,079)	(106)	(1,490)
Reinsurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	220	(16)	-	204
Effect of Movements in Exchange Rates	-	-	-	-
Total Reinsurance Finance Expenses	220	(16)	-	204
Total Changes in the Statement of Comprehensive Income	(85)	(1,095)	(106)	(1,286)
Investment Components				
Investment Components	422	-	(422)	-
Total Investment Components	422	-	(422)	-
Cash Flows				
Premiums Paid Net of Ceding Commissions and Other DAC Paid	1,622	-	-	1,622
Recoveries from Reinsurance	(150)	-	-	(150)
Total Cash Flows	1,472	-	-	1,472
Net Closing Balance				
Closing Reinsurance Contract Assets	11,068	18	-	11,086
Closing Reinsurance Contract Liabilities	(2,870)	(906)	-	(3,776)
Total Net Closing Balance	8,198	(888)	-	7,310

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reinsurance - Reconciliation of the Remaining Coverage and Incurred Claims – Accident and Health (continued)

	Assets for Remaining Coverage			Total HK\$'000
	Excluding Loss- Recovery Component HK\$'000	Loss- Recovery Component HK\$'000	Recoveries on Incurred Claims Not under PAA HK\$'000	
2023				
Net Opening Balance				
Opening Reinsurance Contract Assets	10,723	1,645	6,630	18,998
Opening Reinsurance Contract Liabilities	-	-	-	-
Total Net Opening Balance	10,723	1,645	6,630	18,998
Net Income / (Expenses) from Reinsurance Contracts Held				
Allocation of Reinsurance Premiums Paid	(29,252)	-	-	(29,252)
Recoveries of Incurred Claims and Other Insurance Service Expenses	4,881	(1,937)	17,366	20,310
Changes Relating to Past Service - Adjustment to Recoveries of Incurred Claims	-	-	-	-
Recoveries & Reversals of Recoveries of Underlying Losses	-	478	-	478
Reinsurance Acquisition Cash Flows Amortisation	1,605	-	-	1,605
Changes in the Risk of Reinsurers Non-performance	2	-	-	2
Total Net Income / (Expenses) from Reinsurance Contracts	(22,764)	(1,459)	17,366	(6,857)
Reinsurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(888)	21	-	(867)
Effect of Movements in Exchange Rates	-	-	-	-
Total Reinsurance Finance Expenses	(888)	21	-	(867)
Total Changes in the Statement of Comprehensive Income	(23,652)	(1,438)	17,366	(7,724)
Investment Components				
Investment Components	(173)	-	173	-
Total Investment Components	(173)	-	173	-
Cash Flows				
Premiums Paid Net of Ceding Commissions and Other DAC Paid	19,491	-	-	19,491
Recoveries from Reinsurance	-	-	(23,641)	(23,641)
Total Cash Flows	19,491	-	(23,641)	(4,150)
Net Closing Balance				
Closing Reinsurance Contract Assets	9,601	-	-	9,601
Closing Reinsurance Contract Liabilities	(3,212)	207	528	(2,477)
Total Net Closing Balance	6,389	207	528	7,124

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reinsurance - Reconciliation of the Remaining Coverage and Incurred Claims – Life Risk

	Assets for Remaining Coverage			Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Recoveries on Incurred Claims Not under PAA	
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance				
Opening Reinsurance Contract Assets	267,429	8,073	69,786	345,288
Opening Reinsurance Contract Liabilities	-	-	-	-
Total Net Opening Balance	267,429	8,073	69,786	345,288
Net Income / (Expenses) from Reinsurance Contracts Held				
Allocation of Reinsurance Premiums Paid	(10,822)	-	-	(10,822)
Recoveries of Incurred Claims and Other Insurance Service Expenses	(1,946)	(6,082)	-	(8,028)
Changes Relating to Past Service - Adjustment to Recoveries of Incurred Claims	-	-	3,532	3,532
Recoveries & Reversals of Recoveries of Underlying Losses	-	64,531	-	64,531
Reinsurance Acquisition Cash Flows Amortisation	-	-	-	-
Changes in the Risk of Reinsurers Non-performance	(14)	-	-	(14)
Total Net Income / (Expenses) from Reinsurance Contracts	(12,782)	58,449	3,532	49,199
Reinsurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	22,785	(1,167)	-	21,618
Effect of Movements in Exchange Rates	24	5	(245)	(216)
Total Reinsurance Finance Expenses	22,809	(1,162)	(245)	21,402
Total Changes in the Statement of Comprehensive Income	10,027	57,287	3,287	70,601
Investment Components				
Investment Components	-	-	-	-
Total Investment Components	-	-	-	-
Cash Flows				
Premiums Paid Net of Ceding Commissions and Other DAC Paid	237,947	-	-	237,947
Recoveries from Reinsurance	(27,149)	-	(14,873)	(42,022)
Total Cash Flows	210,798	-	(14,873)	195,925
Net Closing Balance				
Closing Reinsurance Contract Assets	595,206	57,293	58,200	710,699
Closing Reinsurance Contract Liabilities	(106,952)	8,067	-	(98,885)
Total Net Closing Balance	488,254	65,360	58,200	611,814

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reinsurance - Reconciliation of the Remaining Coverage and Incurred Claims – Life Risk (continued)

	Assets for Remaining Coverage			Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Recoveries on Incurred Claims Not under PAA	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023				
Net Opening Balance				
Opening Reinsurance Contract Assets	200,439	1,066	14,362	215,867
Opening Reinsurance Contract Liabilities	-	-	-	-
Total Net Opening Balance	200,439	1,066	14,362	215,867
Net Income / (Expenses) from Reinsurance Contracts Held				
Allocation of Reinsurance Premiums Paid	(57,737)	-	-	(57,737)
Recoveries of Incurred Claims and Other Insurance Service Expenses	33	(6,572)	154,800	148,261
Changes Relating to Past Service - Adjustment to Recoveries of Incurred Claims	-	-	543	543
Recoveries & Reversals of Recoveries of Underlying Losses	-	12,189	-	12,189
Reinsurance Acquisition Cash Flows Amortisation	501	-	-	501
Changes in the Risk of Reinsurers Non-performance	-	-	-	-
Total Net Income / (Expenses) from Reinsurance Contracts	(57,203)	5,617	155,343	103,757
Reinsurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(1,672)	1,387	(1,632)	(1,917)
Effect of Movements in Exchange Rates	(1,807)	3	47	(1,757)
Total Reinsurance Finance Expenses	(3,479)	1,390	(1,585)	(3,674)
Total Changes in the Statement of Comprehensive Income	(60,682)	7,007	153,758	100,083
Investment Components				
Investment Components	(14,054)	-	14,054	-
Total Investment Components	(14,054)	-	14,054	-
Cash Flows				
Premiums Paid Net of Ceding Commissions and Other DAC Paid	141,726	-	-	141,726
Recoveries from Reinsurance	-	-	(112,388)	(112,388)
Total Cash Flows	141,726	-	(112,388)	29,338
Net Closing Balance				
Closing Reinsurance Contract Assets	267,429	8,073	69,786	345,288
Closing Reinsurance Contract Liabilities	-	-	-	-
Total Net Closing Balance	267,429	8,073	69,786	345,288

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reinsurance - Reconciliation of the Remaining Coverage and Incurred Claims – Life Savings

	Assets for Remaining Coverage			Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Recoveries on Incurred Claims Not under PAA	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2024				
Net Opening Balance				
Opening Reinsurance Contract Assets	14,279	-	6,305	20,584
Opening Reinsurance Contract Liabilities	(27,893)	2,356	16,320	(9,217)
Total Net Opening Balance	(13,614)	2,356	22,625	11,367
Net Income / (Expenses) from Reinsurance Contracts Held				
Allocation of Reinsurance Premiums Paid	(15,948)	-	-	(15,948)
Recoveries of Incurred Claims and Other Insurance Service Expenses	27,270	99	-	27,369
Changes Relating to Past Service - Adjustment to Recoveries of Incurred Claims	-	-	22,393	22,393
Recoveries & Reversals of Recoveries of Underlying Losses	-	(13,224)	-	(13,224)
Reinsurance Acquisition Cash Flows Amortisation	-	-	-	-
Changes in the Risk of Reinsurers Non-performance	(40)	-	-	(40)
Total Net Income / (Expenses) from Reinsurance Contracts	11,282	(13,125)	22,393	20,550
Reinsurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	89,892	(213)	-	89,679
Effect of Movements in Exchange Rates	345	58	(61)	342
Total Reinsurance Finance Expenses	90,237	(155)	(61)	90,021
Total Changes in the Statement of Comprehensive Income	101,519	(13,280)	22,332	110,571
Investment Components				
Investment Components	-	-	-	-
Total Investment Components	-	-	-	-
Cash Flows				
Premiums Paid Net of Ceding Commissions and Other DAC Paid	114,180	-	-	114,180
Recoveries from Reinsurance	(104,814)	-	(15,550)	(120,364)
Total Cash Flows	9,366	-	(15,550)	(6,184)
Net Closing Balance				
Closing Reinsurance Contract Assets	326,163	(215)	36,860	362,808
Closing Reinsurance Contract Liabilities	(228,892)	(10,709)	(7,453)	(247,054)
Total Net Closing Balance	97,271	(10,924)	29,407	115,754

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reinsurance - Reconciliation of the Remaining Coverage and Incurred Claims – Life Savings (continued)

	Assets for Remaining Coverage			Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Recoveries on Incurred Claims Not under PAA	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023				
Net Opening Balance				
Opening Reinsurance Contract Assets	93,657	32	102,534	196,223
Opening Reinsurance Contract Liabilities	-	-	-	-
Total Net Opening Balance	93,657	32	102,534	196,223
Net Income / (Expenses) from Reinsurance Contracts Held				
Allocation of Reinsurance Premiums Paid	(110,237)	-	-	(110,237)
Recoveries of Incurred Claims and Other Insurance Service Expenses	-	(87)	(24,907)	(24,994)
Changes Relating to Past Service - Adjustment to Recoveries of Incurred Claims	-	-	229	229
Recoveries & Reversals of Recoveries of Underlying Losses	-	2,323	-	2,323
Reinsurance Acquisition Cash Flows Amortisation	-	-	-	-
Changes in the Risk of Reinsurers Non-performance	(9)	-	-	(9)
Total Net Income / (Expenses) from Reinsurance Contracts	(110,246)	2,236	(24,678)	(132,688)
Reinsurance Finance Expenses				
Interest Accreted and Effect of Changes in Interest Rates	(112,413)	87	-	(112,326)
Effect of Movements in Exchange Rates	230	1	470	701
Total Reinsurance Finance Expenses	(112,183)	88	470	(111,625)
Total Changes in the Statement of Comprehensive Income	(222,429)	2,324	(24,208)	(244,313)
Investment Components				
Investment Components	(6,503)	-	6,503	-
Total Investment Components	(6,503)	-	6,503	-
Cash Flows				
Premiums Paid Net of Ceding Commissions and Other DAC Paid	121,661	-	-	121,661
Recoveries from Reinsurance	-	-	(62,204)	(62,204)
Total Cash Flows	121,661	-	(62,204)	59,457
Net Closing Balance				
Closing Reinsurance Contract Assets	14,279	-	6,305	20,584
Closing Reinsurance Contract Liabilities	(27,893)	2,356	16,320	(9,217)
Total Net Closing Balance	(13,614)	2,356	22,625	11,367

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Reinsurance Contract Balances - Accident and Health

2024	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
Net Opening Balance					
Opening Reinsurance Contract Assets	(1,228)	78	-	10,751	9,601
Opening Reinsurance Contract Liabilities	750	5	(4,761)	1,529	(2,477)
Total Net Opening Balance	(478)	83	(4,761)	12,280	7,124
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	3,868	(2,008)	1,860
Change in RA for Non-Financial Risk Expired	-	(13)	0	-	(13)
Experience Adjustments	(2,864)	-	-	-	(2,864)
Total Changes that Relate to Current Service	(2,864)	(13)	3,868	(2,008)	(1,017)
Changes that Relate to Future Service					
Changes in Estimates that adjust the CSM	1,454	(32)	(2,137)	715	-
Contracts Initially Recognised in the Period	(1,900)	10	1,890	-	-
Changes in Recoveries of Losses on Onerous Underlying Contracts that adjust CSM	-	-	(367)	-	(367)
Changes in Estimates - Losses and Reversals of Losses - Onerous Underlying	-	-	-	-	-
Total Changes that Relate to Future Service	(446)	(22)	(614)	715	(367)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	(106)	-	-	-	(106)
Effect of Changes in the Risk of Reinsurers Non-Performance	-	-	-	-	-
Total Changes that Relate to Past Service	(106)	-	-	-	(106)
Total Net income (expenses) from reinsurance contracts held	(3,416)	(35)	3,254	(1,293)	(1,490)
Insurance Finance Expenses					
Finance (Income) Expenses from Reinsurance Contracts Issued	30	-	(140)	314	204
Effect of Movements in Exchange Rates	22	-	-	(22)	-
Total Insurance Finance Expenses	52	-	(140)	292	204
Total Amounts Recognised in Comprehensive Income	(3,364)	(35)	3,114	(1,001)	(1,286)
Cash Flows					
Premiums Paid net of Ceding Commissions and other DAC Paid	1,622	-	-	-	1,622
Recoveries from Reinsurance	(150)	-	-	-	(150)
Total Cash Flows	1,472	-	-	-	1,472
Net Closing Balance					
Closing Reinsurance Contract Assets	32	48	12	10,994	11,086
Closing Reinsurance Contract Liabilities	(2,402)	-	(1,659)	285	(3,776)
Total Net Closing Balance	(2,370)	48	(1,647)	11,279	7,310

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) **(continued)**

Reconciliation of the Measurement Components of Reinsurance Contract Balances - Accident and Health **(continued)**

	PV of Future Cash Flows	RA Non- financial Risk	CSM		Total
			New Business and Contracts Measured under FRA	Contracts Measured under FVA	
2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance					
Opening Reinsurance Contract Assets	19,917	164	(1,732)	649	18,998
Opening Reinsurance Contract Liabilities	-	-	-	-	-
Total Net Opening Balance	19,917	164	(1,732)	649	18,998
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	8,088	(3,712)	4,376
Change in RA for Non-Financial Risk Expired	-	(92)	-	-	(92)
Experience Adjustments	(11,621)	-	-	-	(11,621)
Total Changes that Relate to Current Service	(11,621)	(92)	8,088	(3,712)	(7,337)
Changes that Relate to Future Service					
Changes in Estimates that adjust the CSM	(4,391)	(15)	(10,925)	15,331	-
Contracts Initially Recognised in the Period	521	27	(548)	-	-
Changes in Recoveries of Losses on Onerous Underlying Contracts that adjust CSM	-	-	478	-	478
Changes in Estimates - Losses and Reversals of Losses - Onerous Underlying	-	-	-	-	-
Total Changes that Relate to Future Service	(3,870)	12	(10,995)	15,331	478
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	-	-	-	-
Effect of Changes in the Risk of Reinsurers Non-Performance	2	-	-	-	2
Total Changes that Relate to Past Service	2	-	-	-	2
Total Net income (expenses) from reinsurance contracts held	(15,489)	(80)	(2,907)	11,619	(6,857)
Insurance Finance Expenses					
Finance (Income) Expenses from Reinsurance Contracts Issued	(756)	(1)	(122)	12	(867)
Effect of Movements in Exchange Rates	-	-	-	-	-
Total Insurance Finance Expenses	(756)	(1)	(122)	12	(867)
Total Amounts Recognised in Comprehensive Income	(16,245)	(81)	(3,029)	11,631	(7,724)
Cash Flows					
Premiums Paid net of Ceding Commissions and other DAC Paid	19,491	-	-	-	19,491
Recoveries from Reinsurance	(23,641)	-	-	-	(23,641)
Total Cash Flows	(4,150)	-	-	-	(4,150)
Net Closing Balance					
Closing Reinsurance Contract Assets	(1,228)	78	-	10,751	9,601
Closing Reinsurance Contract Liabilities	750	5	(4,761)	1,529	(2,477)
Total Net Closing Balance	(478)	83	(4,761)	12,280	7,124

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Reinsurance Contract Balances– Life risks

	PV of Future Cash Flows	RA Non- financial Risk	CSM		Total
			New Business and Contracts Measured under FRA	Contracts Measured under FVA	
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Opening Balance					
Opening Reinsurance Contract Assets	188,774	15,648	19,812	121,054	345,288
Opening Reinsurance Contract Liabilities	-	-	-	-	-
Total Net Opening Balance	188,774	15,648	19,812	121,054	345,288
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	(8,075)	(9,850)	(17,925)
Change in RA for Non-Financial Risk Expired	-	(144)	-	-	(144)
Experience Adjustments	(781)	-	-	-	(781)
Total Changes that Relate to Current Service	(781)	(144)	(8,075)	(9,850)	(18,850)
Changes that Relate to Future Service					
Changes in Estimates that adjust the CSM	(17,318)	226	81,127	(64,035)	-
Contracts Initially Recognised in the Period	(23,230)	2,920	19,687	623	-
Changes in Recoveries of Losses on Onerous Underlying Contracts that adjust CSM	-	-	(1,028)	65,559	64,531
Changes in Estimates - Losses and Reversals of Losses - Onerous Underlying	-	-	-	-	-
Total Changes that Relate to Future Service	(40,548)	3,146	99,786	2,147	64,531
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	3,575	(43)	-	-	3,532
Effect of Changes in the Risk of Reinsurers Non-Performance	(14)	-	-	-	(14)
Total Changes that Relate to Past Service	3,561	(43)	-	-	3,518
Total Net income (expenses) from reinsurance contracts held	(37,768)	2,959	91,711	(7,703)	49,199
Insurance Finance Expenses					
Finance Income from Reinsurance Contracts Issued	17,635	-	1,143	2,840	21,618
Effect of Movements in Exchange Rates	383	(66)	(94)	(439)	(216)
Total Insurance Finance Expenses	18,018	(66)	1,049	2,401	21,402
Total Amounts Recognised in Comprehensive Income	(19,750)	2,893	92,760	(5,302)	70,601
Cash Flows					
Premiums Paid net of Ceding Commissions and other DAC Paid	237,947	-	-	-	237,947
Recoveries from Reinsurance	(42,022)	-	-	-	(42,022)
Total Cash Flows	195,925	-	-	-	195,925
Net Closing Balance					
Closing Reinsurance Contract Assets	521,010	14,183	112,081	63,425	710,699
Closing Reinsurance Contract Liabilities	(156,061)	4,358	491	52,327	(98,885)
Total Net Closing Balance	364,949	18,541	112,572	115,752	611,814

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Reinsurance Contract Balances– Life risks (continued)

	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2023					
Net Opening Balance					
Opening Reinsurance Contract Assets	38,126	17,434	11,809	148,498	215,867
Opening Reinsurance Contract Liabilities	-	-	-	-	-
Total Net Opening Balance	38,126	17,434	11,809	148,498	215,867
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	(1,072)	(17,803)	(18,875)
Change in RA for Non-Financial Risk Expired	-	(109)	-	-	(109)
Experience Adjustments	110,009	-	-	-	110,009
Total Changes that Relate to Current Service	110,009	(109)	(1,072)	(17,803)	91,025
Changes that Relate to Future Service					
Changes in Estimates that adjust the CSM	25,238	(2,569)	2,271	(24,940)	-
Contracts Initially Recognised in the Period	(4,904)	345	4,559	-	-
Changes in Recoveries of Losses on Onerous Underlying Contracts that adjust CSM	-	-	1,545	10,644	12,189
Changes in Estimates - Losses and Reversals of Losses - Onerous Underlying	-	-	-	-	-
Total Changes that Relate to Future Service	20,334	(2,224)	8,375	(14,296)	12,189
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	543	-	-	543
Effect of Changes in the Risk of Reinsurers Non-Performance	-	-	-	-	-
Total Changes that Relate to Past Service	-	543	-	-	543
Total Net income (expenses) from reinsurance contracts held	130,343	(1,790)	7,303	(32,099)	103,757
Insurance Finance Expenses					
Finance (Income) Expenses from Reinsurance Contracts Issued	(7,314)	-	688	4,709	(1,917)
Effect of Movements in Exchange Rates	(1,719)	4	12	(54)	(1,757)
Total Insurance Finance Expenses	(9,033)	4	700	4,655	(3,674)
Total Amounts Recognised in Comprehensive Income	121,310	(1,786)	8,003	(27,444)	100,083
Cash Flows					
Premiums Paid net of Ceding Commissions and other DAC Paid	141,726	-	-	-	141,726
Recoveries from Reinsurance	(112,388)	-	-	-	(112,388)
Total Cash Flows	29,338	-	-	-	29,338
Net Closing Balance					
Closing Reinsurance Contract Assets	188,774	15,648	19,812	121,054	345,288
Closing Reinsurance Contract Liabilities	-	-	-	-	-
Total Net Closing Balance	188,774	15,648	19,812	121,054	345,288

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Reinsurance Contract Balances – Life Savings

	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2024					
Net Opening Balance					
Opening Reinsurance Contract Assets	(13,197)	4,241	12	29,528	20,584
Opening Reinsurance Contract Liabilities	(399,996)	54,052	16,319	320,408	(9,217)
Total Net Opening Balance	(413,193)	58,293	16,331	349,936	11,367
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	(14,098)	(1,593)	(15,691)
Change in RA for Non-Financial Risk Expired	-	(370)	-	-	(370)
Experience Adjustments	27,482	-	-	-	27,482
Total Changes that Relate to Current Service	27,482	(370)	(14,098)	(1,593)	11,421
Changes that Relate to Future Service					
Changes in Estimates that adjust the CSM	54,898	(2,986)	(54,472)	2,560	-
Contracts Initially Recognised in the Period	(3,895)	822	3,073	-	-
Changes in Recoveries of Losses on Onerous Underlying Contracts that adjust CSM	-	-	(13,224)	-	(13,224)
Changes in Estimates - Losses and Reversals of Losses - Onerous Underlying	-	-	-	-	-
Total Changes that Relate to Future Service	51,003	(2,164)	(64,623)	2,560	(13,224)
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	19,240	3,153	-	-	22,393
Effect of Changes in the Risk of Reinsurers Non-Performance	(40)	-	-	-	(40)
Total Changes that Relate to Past Service	19,200	3,153	-	-	22,353
Total Net income (expenses) from reinsurance contracts held	97,685	619	(78,721)	967	20,550
Insurance Finance Expenses					
Finance (Income) Expenses from Reinsurance Contracts Issued	74,787	-	14,324	568	89,679
Effect of Movements in Exchange Rates	1,763	(251)	(72)	(1,098)	342
Total Insurance Finance Expenses	76,550	(251)	14,252	(530)	90,021
Total Amounts Recognised in Comprehensive Income	174,235	368	(64,469)	437	110,571
Cash Flows					
Premiums Paid net of Ceding Commissions and other DAC Paid	114,180	-	-	-	114,180
Recoveries from Reinsurance	(120,364)	-	-	-	(120,364)
Total Cash Flows	(6,184)	-	-	-	(6,184)
Net Closing Balance					
Closing Reinsurance Contract Assets	85,030	25,713	32,387	219,678	362,808
Closing Reinsurance Contract Liabilities	(330,172)	32,948	(80,525)	130,695	(247,054)
Total Net Closing Balance	(245,142)	58,661	(48,138)	350,373	115,754

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Reconciliation of the Measurement Components of Reinsurance Contract Balances – Life Savings (continued)

	PV of Future Cash Flows HK\$'000	RA Non- financial Risk HK\$'000	CSM		Total HK\$'000
			New Business and Contracts Measured under FRA HK\$'000	Contracts Measured under FVA HK\$'000	
2023					
Net Opening Balance					
Opening Reinsurance Contract Assets	(275,307)	62,265	5,441	403,824	196,223
Opening Reinsurance Contract Liabilities	-	-	-	-	-
Total Net Opening Balance	(275,307)	62,265	5,441	403,824	196,223
Changes that Relate to Current Service					
CSM recognised in Profit and Loss for Services	-	-	(836)	(21,224)	(22,060)
Change in RA for Non-Financial Risk Expired	-	242	-	-	242
Experience Adjustments	(113,414)	-	-	-	(113,414)
Total Changes that Relate to Current Service	(113,414)	242	(836)	(21,224)	(135,232)
Changes that Relate to Future Service					
Changes in Estimates that adjust the CSM	59,850	(6,037)	(10,082)	(43,731)	-
Contracts Initially Recognised in the Period	(19,987)	1,373	18,614	-	-
Changes in Recoveries of Losses on Onerous Underlying Contracts that adjust CSM	-	-	2,323	-	2,323
Changes in Estimates - Losses and Reversals of Losses - Onerous Underlying	-	-	-	-	-
Total Changes that Relate to Future Service	39,863	(4,664)	10,855	(43,731)	2,323
Changes that Relate to Past Service					
Adjustments to the Liability for Incurred Claims	-	230	-	-	230
Effect of Changes in the Risk of Reinsurers Non-Performance	(9)	-	-	-	(9)
Total Changes that Relate to Past Service	(9)	230	-	-	221
Total Net income (expenses) from reinsurance contracts held	(73,560)	(4,192)	10,019	(64,955)	(132,688)
Insurance Finance Expenses					
Finance (Income) Expenses from Reinsurance Contracts Issued	(122,652)	-	838	9,488	(112,326)
Effect of Movements in Exchange Rates	(1,131)	220	33	1,579	701
Total Insurance Finance Expenses	(123,783)	220	871	11,067	(111,625)
Total Amounts Recognised in Comprehensive Income	(197,343)	(3,972)	10,890	(53,888)	(244,313)
Cash Flows					
Premiums Paid net of Ceding Commissions and other DAC Paid	121,661	-	-	-	121,661
Recoveries from Reinsurance	(62,204)	-	-	-	(62,204)
Total Cash Flows	59,457	-	-	-	59,457
Net Closing Balance					
Closing Reinsurance Contract Assets	(13,197)	4,241	12	29,528	20,584
Closing Reinsurance Contract Liabilities	(399,996)	54,052	16,319	320,408	(9,217)
Total Net Closing Balance	(413,193)	58,293	16,331	349,936	11,367

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

The following tables illustrate contracts issued and acquired during the year.

Contracts Issued and Acquired Recognised in The Period - Accident and Health

	Profitable HK\$'000	Onerous HK\$'000	Total HK\$'000
2024			
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(3,703)	-	(3,703)
Claims and Other Directly Attributable Expenses	(43,229)	(11,847)	(55,076)
Total Estimates of PV of Future Cash Outflows	(46,932)	(11,847)	(58,779)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	72,521	10,403	82,924
Total Estimates of PV Future Cash Inflows	72,521	10,403	82,924
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(2,574)	(642)	(3,216)
Total Risk Adjustment	(2,574)	(642)	(3,216)
Contract Service Margin			
CSM	(23,015)	-	(23,015)
Total Contract Service Margin	(23,015)	-	(23,015)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(2,086)	(2,086)
2023			
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(1,160)	(32)	(1,192)
Claims and Other Directly Attributable Expenses	(48,453)	(12,611)	(61,064)
Total Estimates of PV of Future Cash Outflows	(49,613)	(12,643)	(62,256)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	84,243	3,424	87,667
Total Estimates of PV Future Cash Inflows	84,243	3,424	87,667
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(2,778)	(2,316)	(5,094)
Total Risk Adjustment	(2,778)	(2,316)	(5,094)
Contract Service Margin			
CSM	(31,852)	-	(31,852)
Total Contract Service Margin	(31,852)	-	(31,852)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(11,535)	(11,535)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Contracts Issued and Acquired Recognised in The Period - Life Risk

	Profitable HK\$'000	Onerous HK\$'000	Total HK\$'000
2024			
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(50,269)	-	(50,269)
Claims and Other Directly Attributable Expenses	(157,674)	(24,829)	(182,503)
Total Estimates of PV of Future Cash Outflows	(207,943)	(24,829)	(232,772)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	346,099	13,434	359,533
Total Estimates of PV Future Cash Inflows	346,099	13,434	359,533
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(11,412)	(645)	(12,057)
Total Risk Adjustment	(11,412)	(645)	(12,057)
Contract Service Margin			
CSM	(126,744)	-	(126,744)
Total Contract Service Margin	(126,744)	-	(126,744)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(12,040)	(12,040)
2023			
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(9,594)	(954)	(10,548)
Claims and Other Directly Attributable Expenses	(54,010)	(10,570)	(64,580)
Total Estimates of PV of Future Cash Outflows	(63,604)	(11,524)	(75,128)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	88,924	4,725	93,649
Total Estimates of PV Future Cash Inflows	88,924	4,725	93,649
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(4,515)	(267)	(4,782)
Total Risk Adjustment	(4,515)	(267)	(4,782)
Contract Service Margin			
CSM	(20,805)	-	(20,805)
Total Contract Service Margin	(20,805)	-	(20,805)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(7,066)	(7,066)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Contracts Issued and Acquired Recognised in The Period - Life Savings

	Profitable HK\$'000	Onerous HK\$'000	Total HK\$'000
2024			
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(73,412)	-	(73,412)
Claims and Other Directly Attributable Expenses	(432,092)	(3,275,557)	(3,707,649)
Total Estimates of PV of Future Cash Outflows	(505,504)	(3,275,557)	(3,781,061)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	652,699	1,843,034	2,495,733
Total Estimates of PV Future Cash Inflows	652,699	1,843,034	2,495,733
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(2,377)	(23,192)	(25,569)
Total Risk Adjustment	(2,377)	(23,192)	(25,569)
Contract Service Margin			
CSM	(144,818)	-	(144,818)
Total Contract Service Margin	(144,818)	-	(144,818)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(1,455,715)	(1,455,715)
2023			
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(68,540)	(258,786)	(327,326)
Claims and Other Directly Attributable Expenses	(523,509)	(2,152,966)	(2,676,475)
Total Estimates of PV of Future Cash Outflows	(592,049)	(2,411,752)	(3,003,801)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	717,349	1,403,624	2,120,973
Total Estimates of PV Future Cash Inflows	717,349	1,403,624	2,120,973
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(26,630)	7,086	(19,544)
Total Risk Adjustment	(26,630)	7,086	(19,544)
Contract Service Margin			
CSM	(98,670)	-	(98,670)
Total Contract Service Margin	(98,670)	-	(98,670)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(1,001,042)	(1,001,042)

Note 11 Insurance contract liabilities (assets) and reinsurance contract assets (liabilities) (continued)

Contracts Issued and Acquired Recognised in The Period – Direct Participating Contracts

2024	Profitable HK\$'000	Onerous HK\$'000	Total HK\$'000
Insurance Contracts			
Estimates of PV of Future Cash Outflows			
Insurance Acquisition Cash Flows	(311,182)	-	(311,182)
Claims and Other Directly Attributable Expenses	(1,107,452)	(41,536)	(1,148,988)
Total Estimates of PV of Future Cash Outflows	(1,418,634)	(41,536)	(1,460,170)
Estimates of PV Future Cash Inflows			
Estimates of PV of Future Cash Inflows	1,625,650	-	1,625,650
Total Estimates of PV Future Cash Inflows	1,625,650	-	1,625,650
Risk Adjustment			
Risk Adjustment for Non-Financial Risk	(9,726)	(7,301)	(17,027)
Total Risk Adjustment	(9,726)	(7,301)	(17,027)
Contract Service Margin			
CSM	(197,290)	-	(197,290)
Total Contract Service Margin	(197,290)	-	(197,290)
Increase in Insurance Liabilities from Contracts Recognised in the Period	-	(48,837)	(48,837)

Contracts Recognised in the Period - Reinsurance Contracts Held

	2024 HK\$'000	2023 HK\$'000
Reinsurance Contracts Held		
Estimates of PV Future Cash Inflows	166,382	55,814
Estimates of PV Future Cash Outflows	(195,407)	(80,184)
Risk Adjustment for Non-Financial Risk	3,752	1,745
CSM	25,273	22,625
	-	-

Note 12 Investment Contracts

	2024	2023
	HKD'000	HKD'000
Investment contract liabilities	659,604	658,528

The liability for unit-linked investment contracts represents the account values of the policies.

The benefits offered under the Company's unit-linked contracts are based on the return of investment funds. This investment mix is unique, it cannot be associated with an individual benchmark index with a sufficiently high correlation with the asset selection operated by the Company of its linked funds. The Company invested in the following fund houses: INVESCO Asset Management Asia Ltd., Baring Asset Management (Asia) Ltd., BNP Paribas Investment Partners Asia Ltd., Fidelity Investments Management (HK) Ltd., JP Morgan Funds (Asia) Ltd., First Sentier Investors (HK) Ltd., abrdn Hong Kong Ltd., Amundi Hong Kong Ltd., Schroder Investment Management (Hong Kong) Ltd., Allianz Global Investors Asia Pacific Limited and Principal Investment & Retirement Services Limited.

All financial interests held under unit-linked products are designated by the Company as fair value through profit or loss account. The liabilities originating from unit-linked contracts are measured with reference to their respective underlying assets of these contracts.

Note 13 Trade and other payables

	2024	2023
	HKD'000	HKD'000
Amount due to related parties	28,221	12,857
Accrued expenses	240,467	173,422
Employee benefits payable	42,447	24,872
Payable for purchase of bonds	1,005	18,595
Other payables	601,209	307,486
Total trade and other payables	913,349	537,232
Current	913,349	537,232
Non-current	-	-
	913,349	537,232

Note 14 Insurance Revenue and Insurance Services Results

	Participating				Total
	Life Risk	Life Savings	Direct Participating Contracts	Accident and Health	
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Insurance Service Result					
Insurance Revenue					
Insurance Revenue - Contracts Not Measured Under PAA					
CSM Recognised in Profit or Loss for Services Provided	66,886	88,071	235,682	15,229	405,868
Change in RA for Non-Financial Risk Expired after LC Allocation	4,692	(25,785)	5,827	3,195	(12,071)
Expected Incurred Claims and Expenses after LC Allocation	180,356	169,880	329,456	54,555	734,247
Insurance Acquisition Cash Flows Recovery	7,785	19,409	21,975	3,160	52,329
Contract Modification	-	27,034,278	(22,764,272)	-	4,270,006
Total Insurance Revenue	259,719	27,285,853	(22,171,332)	76,139	5,450,379
Insurance Service Expenses before reinsurance contracts					
Insurance Service Expenses					
Incurred Claims and other Directly Attributable Expenses	(117,588)	(182,120)	(353,878)	(36,121)	(689,707)
Changes that relate to Past Service - Adjustments to the LIC	23,000	(4,788)	32,425	(13,270)	37,367
Losses on Onerous Contracts and Reversal of those Losses	(55,988)	(1,321,169)	(704)	(1,277)	(1,379,138)
Insurance Acquisition Cash Flows Amortisation	(7,785)	(19,409)	(21,973)	(3,160)	(52,327)
Total Insurance Service Expenses	(158,361)	(1,527,486)	(344,130)	(53,828)	(2,083,805)
Total Insurance Service Expenses before reinsurance contracts	(158,361)	(1,527,486)	(344,130)	(53,828)	(2,083,805)
Allocation of Reinsurance Premiums Paid					
Allocation of Reinsurance Premiums Paid - Contracts Not Measured Under PAA					
Other, Including Ceded Premium Experience Adjustments	-	-	-	-	-
CSM Recognised for the Services Received	(10,678)	(15,578)	-	2,165	(24,091)
Changes in the Risk Adjustment Recognised for Risk Expired	(144)	(370)	-	(13)	(527)
Expected Claims and Other Expenses Recovery	(29,096)	(77,544)	-	(2,608)	(109,248)
Reinsurance Acquisition Cash Flows Recovery	-	-	-	-	-
Total Allocation of Reinsurance Premiums Paid - Contracts Not Measured Under PAA	(39,918)	(93,492)	-	(456)	(133,866)
Total Allocation of Reinsurance Premiums Paid	(39,918)	(93,492)	-	(456)	(133,866)
Net Amounts Recoverable From Reinsurers					
Amounts Recoverable From Reinsurers					
Recoveries of Incurred Claims and Other Insurance Service Expenses	21,069	104,913	-	(563)	125,419
Recoveries and reversals of recoveries of losses on onerous underlying	64,531	(13,224)	-	(367)	50,940
Reinsurance Acquisition Cash Flows Amortisation	-	-	-	-	-
Changes relating to Past Service - Adjustments to Incurred Claims	3,532	22,393	-	(106)	25,819
Total Amounts Recoverable From Reinsurers	89,132	114,082	-	(1,036)	202,178
Total Net Amounts Recoverable From Reinsurers	89,132	114,082	-	(1,036)	202,178
Total Insurance Service Result	150,572	25,778,957	(22,515,462)	20,819	3,434,886
Net Amounts Recoverable From Reinsurers					
Net Income (Expenses) from Reinsurance Contracts Held					
Amounts Recoverable From Reinsurers					
Effect of changes in the risk of reinsurers non-performance	(14)	(39)	-	-	(53)
Total Amounts Recoverable From Reinsurers	(14)	(39)	-	-	(53)
Total Net Income (Expenses) from Reinsurance Contracts Held	(14)	(39)	-	-	(53)
Total Net Amounts Recoverable From Reinsurers	(14)	(39)	-	-	(53)

Note 14 Insurance Revenue and Insurance Services Results (continued)

	Participating				Total
	Life Risk	Life Savings	Direct Participating Contracts	Accident and Health	
2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Insurance Service Result					
Insurance Revenue					
Insurance Revenue - Contracts Not Measured Under PAA					
CSM Recognised in Profit or Loss for Services Provided	64,456	185,474	32,206	21,663	303,799
Change in RA for Non-Financial Risk Expired after LC Allocation	2,487	6,044	24,685	5,985	39,201
Expected Incurred Claims and Expenses after LC Allocation	159,891	152,626	64,777	78,622	455,916
Insurance Acquisition Cash Flows Recovery	9,972	23,318	3	85	33,378
Total Insurance Revenue	236,806	367,462	121,671	106,355	832,294
Insurance Service Expenses before reinsurance contracts					
Insurance Service Expenses					
Incurred Claims and other Directly Attributable Expenses	(201,855)	(196,331)	(86,263)	(58,546)	(542,995)
Changes that relate to Past Service - Adjustments to the LIC	(2,073)	(537)	-	1,821	(789)
Losses on Onerous Contracts and Reversal of those Losses	3,732	(1,231,530)	-	(1,172)	(1,228,970)
Insurance Acquisition Cash Flows Amortisation	(9,972)	(23,317)	(3)	(85)	(33,377)
Total Insurance Service Expenses	(210,168)	(1,451,715)	(86,266)	(57,982)	(1,806,131)
Total Insurance Service Expenses before reinsurance contracts	(210,168)	(1,451,715)	(86,266)	(57,982)	(1,806,131)
Allocation of Reinsurance Premiums Paid					
Allocation of Reinsurance Premiums Paid - Contracts Not Measured Under PAA					
Other, Including Ceded Premium Experience Adjustments	-	-	-	-	-
CSM Recognised for the Services Received	(12,303)	(21,972)	-	6,313	(27,962)
Changes in the Risk Adjustment Recognised for Risk Expired	(109)	242	-	(92)	41
Expected Claims and Other Expenses Recovery	(44,824)	(88,507)	-	(33,868)	(167,199)
Reinsurance Acquisition Cash Flows Recovery	(501)	-	-	(1,605)	(2,106)
Total Allocation of Reinsurance Premiums Paid - Contracts Not Measured Under PAA	(57,737)	(110,237)	-	(29,252)	(197,226)
Total Allocation of Reinsurance Premiums Paid	(57,737)	(110,237)	-	(29,252)	(197,226)
Net Amounts Recoverable From Reinsurers					
Amounts Recoverable From Reinsurers					
Recoveries of Incurred Claims and Other Insurance Service Expenses	148,261	(24,994)	-	20,310	143,577
Recoveries and reversals of recoveries of losses on onerous underlying	12,189	2,323	-	478	14,990
Reinsurance Acquisition Cash Flows Amortisation	501	-	-	1,605	2,106
Changes relating to Past Service - Adjustments to Incurred Claims	543	229	-	-	772
Total Amounts Recoverable From Reinsurers	161,494	(22,442)	-	22,393	161,445
Total Net Amounts Recoverable From Reinsurers	161,494	(22,442)	-	22,393	161,445
Total Insurance Service Result	130,395	(1,216,932)	35,405	41,514	(1,009,618)
Net Amounts Recoverable From Reinsurers					
Net Income (Expenses) from Reinsurance Contracts Held					
Amounts Recoverable From Reinsurers					
Effect of changes in the risk of reinsurers non-performance	-	(9)	-	2	(7)
Total Amounts Recoverable From Reinsurers	-	(9)	-	2	(7)
Total Net Income (Expenses) from Reinsurance Contracts Held	-	(9)	-	2	(7)
Total Net Amounts Recoverable From Reinsurers	-	(9)	-	2	(7)

Note 15 Net Insurance Finance Result

	Life Risk	Life Savings	Direct Participating Contracts	Accident and Health	Total
2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance Income/Expenses from Insurance Contracts Issued					
Changes in Fair Value of Underlying Assets of Contracts Measured under VFA	-	-	(611,072)	-	(611,072)
Interest Accreted; Changes in Interest Rates and Other Financial Assumptions	(96,805)	(406,443)	-	(521)	(503,769)
Measuring Changes in Estimate at Current Rates and Adjustment the CSM at Rates on Initial Recognition	85,516	2,531,082	-	(73)	2,616,525
Net Foreign Exchange Income	495	59,581	198,767	-	258,843
Total Finance Income/Expenses from Insurance Contracts Issued	(10,794)	2,184,220	(412,305)	(594)	1,760,527
Net Finance Income from Insurance Contracts Issued					
Amounts Recognised in Profit or Loss	(10,794)	2,184,220	(412,305)	(594)	1,760,527
Amounts Recognised in OCI	-	-	-	-	-
Total Net Finance Income from Insurance Contracts Issued	(10,794)	2,184,220	(412,305)	(594)	1,760,527
Reinsurance Finance Expenses from Reinsurance Contracts Held					
Interest Accreted and Effect of Changes in Interest Rates and Other Finance Assumptions	12,823	5,392	-	204	18,419
Measuring Changes in Estimate at Current Rates and Adjustment the CSM at Rates on Initial Recognition	8,795	84,287	-	-	93,082
Net Foreign Exchange Income / (Expense)	(216)	342	-	-	126
Total Reinsurance Finance Expenses from Reinsurance Contracts Held	21,402	90,021	-	204	111,627
Net Finance Income from Reinsurance Contracts Held					
Amounts Recognised in Profit or Loss	21,402	90,021	-	204	111,627
Amounts Recognised in OCI	-	-	-	-	-
Total Net Finance Income from Reinsurance Contracts Held	21,402	90,021	-	204	111,627

Note 15 Net Insurance Finance Result (continued)

	Life Risk	Life Savings	Direct Participating Contracts	Accident and Health	Total
2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance Income/Expenses from Insurance Contracts Issued					
Changes in Fair Value of Underlying Assets of Contracts Measured under VFA	-	-	(71,774)	-	(71,774)
Interest Accreted; Changes in Interest Rates and Other Financial Assumptions	(100,170)	(608,206)	-	(571)	(708,947)
Measuring Changes in Estimate at Current Rates and Adjustment the CSM at Rates on Initial Recognition	42,474	(1,751,651)	-	628	(1,708,549)
Net Foreign Exchange Income/(Expense)	(8,394)	(65,011)	-	-	(73,405)
Total Finance Income/Expenses from Insurance Contracts Issued	(66,090)	(2,424,868)	(71,774)	57	(2,562,675)
Net Finance Income from Insurance Contracts Issued					
Amounts Recognised in Profit or Loss	(66,090)	(2,424,868)	(71,774)	57	(2,562,675)
Amounts Recognised in OCI	-	-	-	-	-
Total Net Finance Income from Insurance Contracts Issued	(66,090)	(2,424,868)	(71,774)	57	(2,562,675)
Reinsurance Finance Expenses from Reinsurance Contracts Held					
Interest Accreted and Effect of Changes in Interest Rates and Other Finance Assumptions	9,215	(6,342)	-	164	3,037
Measuring Changes in Estimate at Current Rates and Adjustment the CSM at Rates on Initial Recognition	(11,132)	(105,984)	-	(1,031)	(118,147)
Net Foreign Exchange Income / (Expense)	(1,757)	701	-	-	(1,056)
Total Reinsurance Finance Expenses from Reinsurance Contracts Held	(3,674)	(111,625)	-	(867)	(116,166)
Net Finance Income from Reinsurance Contracts Held					
Amounts Recognised in Profit or Loss	(3,674)	(111,625)	-	(867)	(116,166)
Amounts Recognised in OCI	-	-	-	-	-
Total Net Finance Income from Reinsurance Contracts Held	(3,674)	(111,625)	-	(867)	(116,166)

Note 16 Expected recognition of the Contractual Service Margin

Number of years until expected to be recognised

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10	Year 11 to 20	Year 21 to 30	Year 31+	Total
As at 31 December 2023										
Insurance contracts issued										
Accident and Health	6,582	4,411	3,975	3,647	1,452	3,112	582	47	4	23,812
Life Risk	59,905	56,301	52,779	50,336	48,067	244,329	269,586	142,218	99,497	1,023,018
Life Savings	177,674	170,810	164,782	159,523	154,657	827,314	1,054,740	715,327	1,134,172	4,558,999
Direct Participating Contracts	30,938	29,791	28,632	27,474	26,327	115,071	153,220	70,301	48,204	529,958
Total CSM for insurance contracts issued	275,099	261,313	250,168	240,980	230,503	1,189,826	1,478,128	927,893	1,281,877	6,135,787
Reinsurance contracts held										
Total CSM for Reinsurance contracts held	(24,724)	(27,277)	(24,997)	(23,726)	(21,283)	(114,668)	(134,067)	(75,170)	(68,740)	(514,652)

Number of years until expected to be recognised

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10	Year 11 to 20	Year 21 to 30	Year 31+	Total
As at 31 December 2024										
Insurance contracts issued										
Accident and Health	10,538	6,156	5,587	2,655	1,661	5,056	419	26	1	32,099
Life Risk	62,421	58,371	55,486	52,865	50,317	254,907	277,746	142,019	96,465	1,050,597
Life Savings	-	-	-	-	-	-	-	-	-	-
Direct Participating Contracts	393,499	380,621	368,307	356,168	344,627	1,852,808	2,343,937	1,556,932	2,173,841	9,770,740
Total CSM for insurance contracts issued	466,458	445,148	429,380	411,688	396,605	2,112,771	2,622,102	1,698,977	2,270,307	10,853,436
Reinsurance contracts held										
Total CSM for Reinsurance contracts held	(30,073)	(16,616)	(14,227)	(12,133)	(11,775)	(134,192)	(149,097)	(86,091)	(85,987)	(540,191)

Note 17 Investment income

	2024	2023
	HKD'000	HKD'000
At fair value through profit or loss		
Dividend income	70,246	48,496
Interest income	1,215,166	1,309,646
At fair value through other comprehensive income		
Interest income	161,729	-
Derivative instrument – interest expenses	(152,915)	(157,126)
Cash and cash equivalents interest income	4,691	4,503
Others	(130,986)	(4,397)
Total investment income	1,167,931	1,201,122

Note 18 Net (losses)/gains on financial assets

	2024	2023
	HKD'000	HKD'000
At fair value through profit or loss		
Debt Securities	(1,082,394)	1,007,853
Equities	399,715	165,807
Unit trusts	-	(264)
Unit-linked funds	202,310	4,455
Derivatives	45,718	282,246
At fair value through other comprehensive income		
Realised (losses)/gains	(200)	1,737
Impairment losses	(10,192)	(293)
Total net (losses)/gains on financial assets	(445,043)	1,461,541

Note 19 Fee income

	2024	2023
	HKD'000	HKD'000
Investment contracts		
Policy administration fee	26,393	15,992
Surrender charges	-	2,442
Total fee income for investment contracts	26,393	18,434

Note 20 Other operating income

	2024	2023
	HKD'000	HKD'000
Management fee income	252,871	14,673
Others	(203,897)	75,938
Total other operating income	48,974	90,611

Note 21 Investment contract benefits

Investment contract benefits included revaluation loss from unit-linked investment contracts for HK\$2,421,137 (2023: HK\$25,434,000 loss) accrued to the account of the contract holder as the fair value of the net losses (2023: net losses) arising from the underlying linked assets. All these contracts have been designated as fair value through profit or loss upon initial recognition.

Note 22 Expenses by nature

	2024 HKD'000	2023 HKD'000
Wages, salaries and related costs	144,310	82,003
Pension contributions to defined contribution schemes	7,854	3,674
Director fee	16,565	16,779
Total staff costs	168,729	102,456
Advertising and Sponsorship	33,329	37,413
Auditors' remuneration	10,611	7,642
Depreciation and amortisation	35,544	35,011
Insurance license fee	2,975	1,185
Investment contract acquisition costs	1,361	1,494
Legal and professional fees	35,946	24,915
Rates, Utilities and facilities	5,469	8,016
Restructuring cost/ (income)	(170)	15,794
Traveling and entertainment	4,590	901
Other expenses	175,018	25,769
Total other operating expenses	304,673	158,140

Note 23 Directors' remuneration

	2024 HKD'000	2023 HKD'000
Pension	715	641
Share-based payment	2,539	2,865
Other emoluments	12,131	12,018
	15,385	15,524
Director fee	1,180	1,255
Total	16,565	16,779

The aggregate amount of emoluments of the three highest paid directors was HK\$15,385,000 (2023: HK\$15,524,000). Director's remuneration, in respect of their services in connection with the management of the affairs of the Company, of HK\$15,385,000 (2023: HK\$15,524,000) is included in expenses for employee benefits in the statement of profit or loss and other comprehensive income. Independent Non-Executive Director's remuneration of HK\$1,179,750 (2023: HK\$1,255,000) is included in other operating expenses in the statement of profit or loss and other comprehensive income.

Note 24 Current tax liabilities

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for Hong Kong profits tax purposes, which is based on premium income.

(a) The amount of taxation charged in the statement of profit or loss and other comprehensive income represents:

	2024	2023
	HKD'000	HKD'000
Hong Kong Profits Tax	33,329	34,051
Withholding tax on investment interest income	2,524	24
Total	35,853	34,075

(b) The amount of taxation in the statement of financial position represents:

	2024	2023
	HKD'000	HKD'000
Hong Kong profits tax payable	31,075	19,646

Hong Kong profits tax is based on premium income. Therefore, no tax will be imposed on other comprehensive income.

Note 25 Commitments

Capital commitments

The Company has capital commitments at the end of the year contracted as follows:

	2024	2023
	HKD'000	HKD'000
Investment in private equity fund	1,438,311	454,011

Note 26 Related parties transactions

The following transactions were carried out with related parties.

(a) Purchase of services

	2024 HKD'000	2023 HKD'000
Service fee - Chubb Asset Management, Inc (Note (i))	7,660	7,424
Reinsurance treaty with Chubb Tempest Reinsurance Ltd.	526	795
	<u>8,186</u>	<u>8,219</u>

(i) The services fee with Chubb Asset Management, Inc included the following:

- mainly 0.0175% (2023: 0.0175%) of the average market value of the assets as reported in the quarterly report to the Investment Committee of the Company
- amounts paid to State Street – Kansas City for Investment Account and Reporting services on behalf of the Company calculating based on 0.01% of the average market value of the assets as reported in the quarterly report to the Investment Committee of the Company
- certain fee for additional investment advisory services on a consulting and/or administrative support basis

(b) Other intercompany expenses

	2024 HKD'000	2023 HKD'000
Chubb Asia Pacific Services PTE Ltd.		
Computer services and other expense	995	596
Cover Direct Inc. Life		
Computer services and other expense	-	24,037
Chubb Tempest Life Reinsurance Ltd.		
Loss in currency forward	3,073	11,037
Net interest income/(expense) from interest rate swap	91,246	162,257
	<u>95,314</u>	<u>197,927</u>

(c) Key management compensation

	2024 HKD'000	2023 HKD'000
Salary and other short-term employee benefits	45,147	12,659
Post-employment benefits	3,008	-
Termination benefits	463	-
Share-based payment	4,613	2,865
	<u>53,231</u>	<u>15,524</u>

Note 26 Related party transactions (continued)

(d) Year-end balances

	2024 HKD'000	2023 HKD'000
Chubb American Insurance Co	(7,750)	(2,645)
Chubb Asia Pacific Services PTE Ltd.	(2,169)	(187)
Chubb Asset Management Inc	(2,148)	(2,305)
Chubb INA International Holdings Ltd	607	2,898
Chubb INA SVCS CRAWLEY DT CTR	658	714
Chubb Int'l Investments Ltd.	74	74
Chubb Life Insurance Company Ltd (Vietnam)	748	748
Chubb Limited	-	(1,752)
Chubb Life Asia Services Ltd	(13,566)	-
CHUBB International Management Corporation	(1,245)	-
Cover Direct Inc. Life	(1,336)	(5,122)
Total (Payable to)/Receivables from related parties	(26,127)	(7,577)
Chubb Tempest Life Reinsurance Ltd. (Note 7)	(18,826)	(386,616)
Total Derivative liabilities placed in related party	(18,826)	(386,616)

Except for payable to Chubb Tempest Life Reinsurance Ltd., All the inter-company balances are unsecured, have no fixed terms of repayment and are interest-free.

The general credit term for the payable to Chubb Tempest Life Reinsurance Ltd. is 5 years after the date of settlement of derivative financial instruments. The payable is unsecured in nature and bear no interest.

Effective from 31 December 2011, the Company signed a subordinated loan agreement with Chubb Tempest Life Reinsurance Ltd. that Chubb Tempest Life Reinsurance Ltd. would make available subordinated loan to the Company for a loan or a series of loans in aggregate principle amount of HK\$272,083,000 (US\$35,000,000 equivalent) upon request by the Company. As of 31 December 2024, the Company has no request on the subordinated loan.