CHEVALIER INSURANCE COMPANY LIMITED

其士保險有限公司

REPORTS AND FINANCIAL STATEMENTS
(PREPARED UNDER COMPANIES ORDINANCE)
FOR THE YEAR ENDED 31 MARCH 2025

CHEVALIER INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors of Chevalier Insurance Company Limited (the "Directors") submit their report together with the audited financial statements of Chevalier Insurance Company Limited (the "Company") for the year ended 31 March 2025.

Principal activity

The Company is an insurance company and continues to carry on all classes of general insurance business except aircraft, aircraft liabilities and credit insurance. The principal activities of its subsidiaries are set out in note 12 to the financial statements.

Results and appropriations

The results of the Company for the year ended 31 March 2025 are set out in the statement of comprehensive income on page 7.

An interim dividend of HK$0.266 per ordinary share was declared and paid during the year.

Directors

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

Mr. Kuok Hoi Sang	
Mr. Tam Kwok Wing	
Mr. Chow Vee Tsung, Oscar	
Mr. Mak Hon Ming	(Independent Non-Executive Director)
Mr. Ng Hon Ying	(Independent Non-Executive Director)

In accordance with Article 13 of the Articles of Association of the Company, all the Directors shall remain in office for the ensuing year.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' rights to acquire shares or debentures

At no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to hold any interests in the shares, or acquire benefits by means of the acquisition of shares in or debentures of the Company or its specified undertakings.

Management contracts

Save as disclosed in note 26 to the financial statements, no other contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Permitted indemnity provision

During the year and up to the date of this report, a permitted indemnity provision, which is made by the ultimate holding company of the Company, is in force for the benefit of all the Directors.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Tam Kwok Wing
Director
Hong Kong, 25 July 2025

Independent Auditor's Report

To the Members of Chevalier Insurance Company Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of Chevalier Insurance Company Limited (the "Company") standing alone, which are set out on pages 7 to 61, comprise:

- the statement of financial position as at 31 March 2025;
- the statement of 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 standing alone as at 31 March 2025, 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 of the Company Standing Alone 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 Chevalier Insurance Company Limited (Continued)
(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 on pages 1 to 2, 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 of the Company Standing Alone

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

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

Independent Auditor's Report

To the Members of Chevalier Insurance Company Limited (Continued)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements of the Company Standing Alone

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.

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.

Independent Auditor's Report

To the Members of Chevalier Insurance Company Limited (Continued)
(incorporated in Hong Kong with limited liability)

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

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, 25 July 2025

CHEVALIER INSURANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025	2024
		HK$	HK$
Insurance revenue	21	475,564,787	504,068,940
Insurance service expenses	9	(363,267,107)	(414,695,053)
Net (expenses)/income from reinsurance contracts held	21	(33,384,282)	32,103,434
Insurance service result		**78,913,398**	**121,477,321**
Net investment income	6	75,904,542	72,146,646
Net gain/(loss) on financial assets at fair value through profit or loss	7	28,375,390	(13,162,860)
Finance expenses from insurance contracts issued	14	(49,149,543)	(22,536,203)
Finance income from reinsurance contracts held	14	5,494,883	1,337,317
Net insurance and investment result		**139,538,670**	**159,262,221**
Other operating income	8	3,808,749	5,385,748
Operating expenses	9	(10,423,154)	(9,319,722)
Profit before taxation		**132,924,265**	**155,328,247**
Taxation	10	(17,239,201)	(16,537,996)
Profit and total comprehensive income for the year		**115,685,064**	**138,790,251**

The notes on page 11 to 61 are integral parts of these financial statements.

CHEVALIER INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	2025 HK$	2024 HK$
Assets			
Interests in subsidiaries	12	89,782,140	92,385,077
Plant and equipment	13	297,943	306,129
Reinsurance contract assets	21	123,290,528	110,236,329
Amount due from a fellow subsidiary	15	360,753	363,019
Amount due from ultimate holding company	16	24,223	-
Financial assets at fair value through profit or loss	17	1,368,853,322	783,721,228
Prepayments, deposits and other receivables	19	44,707,856	42,378,272
Deferred tax assets	22	-	1,988,229
Cash deposits with securities brokers		54,286,580	33,910,890
Fixed deposits		455,990,332	938,570,357
Bank balances and cash	18	16,453,602	36,401,477
Total assets		2,154,047,279	2,040,261,007
Liabilities			
Insurance contract liabilities	21	1,330,208,654	1,269,499,469
Income tax liabilities		38,066,197	30,398,030
Deferred tax liabilities	22	6,025,198	-
Amounts due to fellow subsidiaries	15	1,481,405	558,392
Amount due to ultimate holding company	16	-	905
Other payables and accrued charges	20	61,605,738	59,029,188
Total liabilities		1,437,387,192	1,359,485,984
Capital and reserve			
Share capital	23	300,000,000	300,000,000
Retained profits		416,660,087	380,775,023
Total equity		716,660,087	680,775,023
Total liabilities and equity		2,154,047,279	2,040,261,007

Approved by the Board of Directors on 25 July 2025 and signed on its behalf by

XHSL

Kuok Hoi Sang, *Director*

TKW

Tam Kwok Wing, *Director*

The notes on page 11 to 61 are integral parts of these financial statements.

CHEVALIER INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2023	300,000,000	241,984,772	541,984,772
Total comprehensive income for the year	-	138,790,251	138,790,251
At 31 March 2024	300,000,000	380,775,023	680,775,023
Total comprehensive income for the year	-	115,685,064	115,685,064
Dividend paid (note 11)	-	(79,800,000)	(79,800,000)
At 31 March 2025	300,000,000	416,660,087	716,660,087

The notes on page 11 to 61 are integral parts of these financial statements.

CHEVALIER INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 HK$	2024 HK$
Operating activities			
Cash generated from operations	24	69,086,629	210,170,129
Profits tax paid		(1,557,607)	(17,997,584)
Net cash from operating activities		67,529,022	192,172,545
Investing activities			
Interest received		86,557,666	70,237,918
Dividends received		5,079,875	5,212,382
Purchase of financial assets at fair value through profit or loss		(1,250,911,018)	(576,503,262)
Purchase of plant and equipment	13	(92,410)	(162,855)
(Increase)/decrease in fixed deposits with original maturity period over three months		(76,995,416)	376,691,748
Proceeds from disposal of fianancial assets at fair value through profit or loss		689,484,655	321,131,351
Net cash (used in)/from investing activities		(546,876,648)	196,607,282
Financing activities			
Cancellation of deferred shares of a subsidiary		-	20
Dividend paid	11	(79,800,000)	-
Net cash (used in)/from financing activities		(79,800,000)	20
(Decrease)/increase in cash and cash equivalents		(559,147,626)	388,779,847
Cash and cash equivalents at beginning of the year		930,682,724	541,902,877
Cash and cash equivalents at end of the year		371,535,098	930,682,724
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	18	16,453,602	36,401,477
Fixed deposits (with original maturity of three months or less)		300,794,916	860,370,357
Cash deposits with securities brokers		54,286,580	33,910,890
		371,535,098	930,682,724

The notes on page 11 to 61 are integral parts of these financial statements.

1 GENERAL INFORMATION

Chevalier Insurance Company Limited (the "Company") is a private limited liability company incorporated in Hong Kong. The addresses of the registered office and principal place of business of the Company are 22/F and Rooms 1911 & 1913 at 19/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong respectively. The Directors consider that the Company's immediate and ultimate holding company is Chevalier International Holdings Limited ("CIHL"), a limited liability company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited.

The Company is an insurance company and continues to carry on all classes of general insurance business except aircraft, aircraft liabilities and credit insurance.

The financial statements are presented in Hong Kong dollar, which is the same as the functional currency of the Company. These financial statements have been approved for issue by the Board of Directors on 25 July 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through profit or loss which are carried at fair value, and the insurance contract liabilities and reinsurance contracts assets measured primarily based on actuarial methods as explained in note 3.

For the purpose of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance (Cap. 622), the financial statements of the Company have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, the financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622) that are relevant to the preparation of company level financial statements by an intermediate parent company.

No consolidated financial statements have been prepared for the Company and its subsidiaries as:

(i) The Company is a wholly owned subsidiary of CIHL and has satisfied the exemption requirement sets out in section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622) and therefore it is not required to prepare consolidated financial statements;

(ii) CIHL's principal place of business is in Hong Kong and has produced consolidated financial statements in accordance with HKFRSs available for public use;

(iii) The Company's debt and equity instruments are not traded in a public market; and

(iv) The Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisations for the purpose of issuing any class of instruments in a public market.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement, as disclosed in note 3 to the financial statements.

2.1.1 Changes in accounting policy and disclosures

(a) *Revised interpretations and amendments to standards that are effective for the Company's financial year beginning on 1 April 2024*

The HKICPA has issued the following revised interpretations and amendments to standards that are mandatory for the financial year of the Company beginning on 1 April 2024:

- HKAS 1 (amendments), "Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants"
- HKFRS 16 (amendments), "Lease Liability in a Sale and Leaseback"
- HK Int 5 (Revised), "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

The adoption of the above revised interpretations and amendments to standards neither have siginatificant impact on the Company's results and financial position nor any substantial changes in the Company's accounting policies and the presentation of the financial statements.

(b) *New standards, amendments to standards and interpretation that have been issued but are not yet effective and have not been early adopted by the Company*

The following new standards, amendments to standards and interpretation have been issued but are not yet effective for the financial year of the Company beginning on 1 April 2024 and have not been early adopted:

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

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] Effective for annual periods on or after a date to be determined

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments to standards and interpretation that have been issued but are not yet effective and have not been early adopted by the Company (continued)

The Company anticipates that the application of new standards, amendments to standards and interpretation that have been issued but are not yet effective may have no material impact on the results of operations and financial position.

2.2 Interests in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

Interests in subsidiaries, including amount due from subsidiaries that are considered equity in nature, are stated at cost less impairment losses. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for on the basis of dividend received and receivable during the year.

2.3 Financial instruments

2.3.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument, except in the case of financial assets measured at fair value through profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. In the event an embedded derivative is recognised separately, the host contract is accounted for in accordance with policy applicable to the nature of the host contract.

2.3.2 Financial instrument categories and subsequent measurement

The classification of financial assets is based on the Company's business model of managing the financial assets in order to generate cashflows ("business model test") and the contractual cashflow characteristics of the financial instruments (i.e. the asset's contractual cash flows solely principal and interest ("SPPI")). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Financial instruments (continued)

2.3.2 Financial instrument categories and subsequent measurement (continued)

The Company categorises and measures financial instruments at either amortised costs or fair value through profit or loss ("FVTPL").

(a) Financial assets

(i) Amortised cost

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

The financial assets of the Company consist of cash and cash equivalents, fixed deposits with financial institutions with original maturity more than three months, and amounts due from group companies. All of these are financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal amount outstanding and are held to collect the contractual cash flows.

In accordance with HKFRS 9, these financial assets are classified as debt instruments measured at amortised cost.

(ii) FVTPL

Financial assets at FVTPL comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category by management upon initial recognition, or are mandatorily required to be measured at fair value under HKFRS 9. Investments typically bought with the intention to sell in the near future are classified as FVTPL. The Company designates financial assets at FVTPL upon initial recognition when one of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment such as asset-liability mismatch, that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value with the gain or loss recognised in profit or loss. The Company's financial assets at FVTPL includes equity securities, debt securities, unit and property trust funds.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Financial instruments (continued)

2.3.2 Financial instrument categories and subsequent measurement (continued)

(b) Financial liabilities

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2.3.3 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset through a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.3.4 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.3.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or 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 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Financial instruments (continued)

2.3.6 Impairment of financial assets

The Company measures expected credit loss ("ECL") on all financial assets that are measured at amortised cost. The Company applies a three-stage approach ("general approach") based on the change in the credit quality of the financial assets since inception and the measurement of ECL for these assets is dependent on the stage classification as of the reporting date.

Under this general approach, if, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, a loss allowance for 12-month ECL is recognised. A loss allowance for lifetime ECL is recognised for a financial asset if there has been a significant increase in credit risk, measured using the lifetime probability of default, since initial recognition of the financial assets.

The Company applies the general approach on amount due from a fellow subsidiary, deposits and other receivables, cash deposits with securities brokers, fixed deposits and bank balances.

2.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives at the following rates per annum:

	Annual charge
Furniture, fixtures and office equipment	10%
Computer equipment and software	20%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gain or loss arising from disposal of an asset is determined as the difference between the net sale proceeds and the carrying amount of an asset and is recognised in the statement of comprehensive income.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and securities brokers with original maturities of three months or less.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Revenue recognition

2.6.1 Insurance revenue (see note 2.7.6(a))

2.6.2 Interest Income

Interest income from all interest-bearing financial instruments, including term deposits, are recognised within investment income in the statement of comprehensive income using the effective interest rate 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.

2.6.3 Dividend Income

Dividend income from equities is recognised when the Company's rights to receive payment have been established – this is the ex-dividend date for equity securities.

2.6.4 Other Income

Other income arises from other related services offered by the Company which are recognised in the accounting period in which the services are rendered and they are earned. Other income consists primarily of handling fee received under Employees' Compensation Insurance Residual Scheme Bureau Limited and Employees Compensation Insurer Insolvency Bureau.

2.7 Insurance contracts

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event. The Company derives all gross premiums from general insurance contracts which include casualty and property insurance contracts.

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover). The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.1 Separating components from insurance and reinsurance contracts

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

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening.. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately.

2.7.2 Level of aggregation

HKFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Currently, the Company has defined portfolios of insurance and reinsurance contracts issued based on its product lines, namely property damage, accident and health, motor vehicle, employees' compensation, engineering, marine, public liability and professional indemnity contracts due to the fact that these products are subject to similar risks and managed together. Portfolios are further divided based on expected profitability at inception into three groups:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e. the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (e.g. legal or management). HKFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.2 Level of aggregation (continued)

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

- Management information for business planning and performance management
- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g. a change in market experience or regulations

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

Reinsurance contracts held would generally not be disaggregated unless facts and circumstances demonstrate that:

- They are managed on a disaggregated basis, and
- The economic substance is an aggregation of multiple different underlying individual contracts.

2.7.3 Recognition

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

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

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.4 Contract boundary

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

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

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

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.5 Measurement - PAA

	HKFRS 17 Accounting policies choices	Adopted approach
PAA	Subject to specified criteria, the PAA can be adopted as a simplified approach to the HKFRS 17 general model	Coverage period for majority of the insurance and insurance contracts issued is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage ("LFRC"), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	The LFRC is not discounted where the time between providing each part of the services and the related premium due date is no more than a year.
Liability for Incurred Claims, ("LFIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all business, the LFIC is adjusted for the time value of money.
Insurance finance income and expenses	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in other comprehensive income.	For all business, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.5 Measurement - PAA (continued)

(a) Insurance contracts – initial measurement

The Company applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary in note 2.7.4; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

There isn't any investment component in the Company's insurance contracts issued and reinsurance contracts held.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all insurance contracts issued, the liability for remaining coverage is not discounted to reflect the time value of money and the effect of financial risk for premiums received within one year of the coverage period. Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net cash outflow is expected from the contracts. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net cash outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to note 2.7.6(c).

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.5 Measurement - PAA (continued)

(b) Reinsurance contracts held – initial measurement

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

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

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

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

(c) Insurance contracts – subsequent measurement

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

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

No investment component has been recognised during the year (2024: HK$nil).

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.5 Measurement - PAA (continued)

(c) Insurance contracts – subsequent measurement (continued)

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims except claims payable.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to note 2.7.6(c).

(d) Reinsurance contracts held – subsequent measurement

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

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

(e) Insurance acquisition cash flows

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

The Company uses a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
  - To that group; and
  - To groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.5 Measurement - PAA (continued)

(e) Insurance acquisition cash flows (continued)

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

(f) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

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

2.7.6 Presentation

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

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

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

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

(a) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.6 Presentation (continued)

(b) Insurance services expenses

Insurance service expenses include incurred claims and benefits including incurred but not report ("IBNR") at the reporting date, other incurred directly attributable insurance service expenses, amortisation of insurance acquisition cash flows and changes that relate to past service (i.e. changes in future cash flows relating to the liability for incurred claims).

(c) Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in note 2.7.2 indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in note 2.7.5(c). Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

(d) Loss-recovery components

As described in note 2.7.5(b) above, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

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

(e) Insurance finance income and expenses

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

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

For all business, the Company does not disaggregate finance income and expenses because the Company currently does not consider applying such option will necessarily significantly reduce any accounting mismatch.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Insurance contracts (continued)

2.7.6 Presentation (continued)

(f) Reinsurance expenses and recoveries

The Company presents separately on the face of the statement of comprehensive income, the amounts expected to be recovered from reinsurers (i.e. Reinsurance income), and an allocation of the reinsurance premiums paid (i.e. Reinsurance expenses). The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of comprehensive income.

2.8 Foreign currencies

2.8.1 Functional and presentation currency

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

2.8.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are recognised in statement of comprehensive income.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Provision and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is not recognised but is disclosed in the notes to the financial information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.11 Impairment of interests in subsidiaries and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Defined contribution plans

Payments to defined contribution retirement benefit plans including the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

The areas involving significant estimates or judgements are:

- Insurance and reinsurance contracts (see note 3.1)
- Risk adjustment for non-financial risk (see note 3.2)
- Discount rates (see note 3.3)
- Income tax (see note 3.4)
- Fair value of financial instruments (see note 3.5)

3.1 Insurance and reinsurance contracts

3.1.1 Liability for remaining coverage

Onerous contracts

Insurance contracts are onerous when the liability for remaining coverage is insufficient to pay future claims and other insurance service expenses attributable to the contracts.

Contracts that are measured using the premium allocation approach are assumed not to be onerous unless facts and circumstances indicate otherwise. In identifying facts and circumstances that may be indicators of onerous contracts, the Company has considered management information for business planning and performance management, in combination with other indicators where relevant. If there are facts and circumstances that may indicate the existence of possible onerous contracts, the onerous contract losses are measured based on the extent to which the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) attributable to the group of contracts exceed the liability for remaining coverage for that group.

Onerous contract losses are measured on a gross basis (excluding the effect of reinsurance contracts held) and are immediately recognised in profit or loss. A loss component of the liability for remaining coverage is established (or increased) to depict the onerous contract losses recognised. Where the onerous contracts are covered by reinsurance contracts held, reinsurance income is recognised in profit or loss and a corresponding loss-recovery component of the reinsurance asset for remaining coverage is established to depict expected recoveries attributable to the onerous contract losses.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Insurance and reinsurance contracts (continued)

3.1.1 Liability for remaining coverage (continued)

The consideration of facts and circumstances as well as the measurement of any onerous contract losses are determined separately for each underwriting year within a portfolio of contracts that are of similar risks and managed together. Where a subset of contracts within a portfolio would be identified as a separate group from other contracts within the portfolio only because of the existence of specific legal or regulatory constraints to the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics, such contracts are included in the same group for the purposes of identifying and measuring onerous contracts.

The carrying values of the loss and corresponding reinsurance loss-recovery components as at 31 March 2025 are disclosed in note 21.2.

3.1.2 Liability for incurred claims

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. Provision is made for the estimated cost of claims incurred but not settled at each reporting date, including the cost of claims IBNR to the Company. The estimated cost of claims includes direct expenses to be incurred in settling those claims.

The estimation of IBNR is generally subjected to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Liability and other long tail classes of business, where claims settlement may not happen for many years after the event giving rise to the claim, will typically display greater variability between initial estimates and final settlement due to delays in reporting claims, uncertainty in respect of court awards and future inflation. Claims in respect of property and other short tail classes are typically reported and settled sooner after the claim event, giving rise to less uncertainty.

The estimation techniques and assumptions used in determining the outstanding claims provision and the associated reinsurance contract assets are described below.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Insurance and reinsurance contracts (continued)

3.1.2 Liability for incurred claims (continued)

(a) Insurance claims risk assumptions

The Company's process for establishing claims provisions involves extensive consultation with the actuaries, claims managers, underwriters and other senior management.

The Company uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods. Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year. Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business. The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business). The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

The determination of the amounts that the Company will ultimately pay for claims arising under insurance contracts involves a number of key assumptions. Some of the uncertainties impacting these assumptions are as follows:

- Changes in patterns of claims incidence, reporting and payment;
- Volatility in the estimation of future costs for long tail insurance classes due to the longer period of time that elapses before a definitive determination of the ultimate claims cost can be made;
- Changes in the legal environment, including the interpretation of liability laws and the quantum of damages; and
- Social and economic trends, for example price and wage inflation and interest rates.

For further details of these key assumptions used and the impact of the changes to these assumptions, see note 4.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Insurance and reinsurance contracts (continued)

3.1.2 Liability for incurred claims (continued)

(b) Central estimates

Central estimates for each class of business are determined by reference to a variety of estimation techniques, generally based on statistical analysis of historical experience which assumes an underlying pattern of claims development and payment. The final selected claims estimates are based on a judgmental consideration of the results of each method and qualitative information, for example, the line of business, the maturity of the portfolio and the anticipated tail of the class. Projections are based on both historical experience and the use of external benchmarks where relevant. Central estimates are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts recoverable from reinsurers based on the gross claims provision.

3.2 Risk adjustment for non-financial risk

The risk adjustment is determined by the Company and represents the compensation that is required for bearing the uncertainty in the net discounted estimate of future cash flows within the insurance liabilities. The determination of the appropriate level of risk adjustment takes into account:

- Historical volatility and claims experience of the line of business;
- The run-off profile and term to settlement of the net discounted cash flows;
- Mix of business, in particular the mix of short-tail and long-tail business;
- The benefit of diversification between classes of business and geographic locations; and
- The level of uncertainty in the cash flow estimates due to estimation error, data quality, variability of key inflation assumptions, and possible economic and legislative changes.

The risk adjustment was calculated at the issuing company level and then allocated down to each group of contracts in accordance with their risk profiles. The bootstrapping techniques were used to derive the overall risk adjustment for non-financial risk.

The risk adjustment recognised in the liability for incurred claims (net of reinsurance contract held) corresponds to a confidence level of 75.0% (2024: 75.0%).

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.3 Discount rates

A bottom-up approach is applied to determine the discount rates used to calculate the discounting expected future cash flows and the risk-free yield curve published by Insurance Authority for Risk Based Capital is applied. The Company understands that putting either zero or fifty basis points of illiquidity premium is a market consensus among general insurers. However, due to the short-tail nature of general insurance business relative to life insurance business, the company is of the view that the illiquidity premium is not material and allow a zero basis point illiquidity premium.

The following yield curves was used to discount the estimates of future cash flows:

	2025	**2024**
1 years	3.6%	4.6%
5 years	3.2%	3.8%
10 years	3.4%	3.8%

3.4 Income tax

The Company is subject to profits tax in Hong Kong. Significant judgement is required in determining the provision for income tax. There are a number of transactions for which the ultimate tax determination is uncertain. The Company recognises liability for uncertain tax positions based on estimates of whether additional taxes will be due. As at 31 March 2025, the Company recognised a liability related to an uncertain tax position by HK$31,797,943 (2024: HK$24,865,959). The Company believes that it is likely that no additional taxes will be due for other uncertain tax positions. When the final tax outcome of these uncertain tax positions is different from the original estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3.5 Fair value of financial instruments

The fair value of unlisted investment that are not traded in an active market is determined using valuation techniques as detailed in note 4.3 to the financial statements. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, including the purchase price paid by the Company, the investees' financial position and results, risk profile and prospects, including trend and other factors. Any change in any of the key assumptions used would result in increase or decrease in fair values.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various kinds of risks in its operations and financial instruments. The overall risk management objectives and policies mainly focus on the unpredictability of financial markets and seek to minimise the potential adverse effects on the financial performance by closely monitoring the individual exposure as follows:

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

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 liabilities. This could occur because the frequency or severity of claims and benefits are greater than originally 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.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The Company also enters into reinsurance arrangement to reduce its aggregated exposure to certain types of insurance risks.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

4.1.1 Casualty insurance risks

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant factors are the level of awards for morbidity risk (e.g. health recovery and incapacity for work) and the number of cases coming to court, especially for bodily injuries. This can be summarised as legislation risk. The amount of awards and the time for court settlement is set by the legislation. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

The Company manages these risks through its underwriting strategy (two of the techniques that are pivotal for automobile insurance are product pricing and portfolio segmentation), adequate reinsurance arrangements and proactive claims handling. The objective of the underwriting strategy is to ensure that the underwritten risks are well diversified in terms of type and amount of risk. The variability of risks is improved by the careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.1 Insurance risk (continued)

4.1.1 Casualty insurance risks (continued)

(a) Frequency and severity of claims (continued)

The Company has limited its exposure by imposing maximum claim amounts on certain contracts as well as using reinsurance arrangements in order to limit its exposure to aggregate amount of claims (e.g. third party liability claims). The reinsurance arrangements include excess of loss coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses of more than HK$2,000,000 (except Employees' Compensation for HK$3,500,000) in any one occurrence.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, to re-price the risk on renewal, to impose deductibles and to reject the payment of an improper or fraudulent claim. Claims payment limits are always included to cap the amount payable on occurrence of the insured event.

Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

(b) Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a period of time, and a significant element of the claims liability relates to IBNR. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in estimating the claims liabilities, it is probable that the final outcome will be different from the original liabilities established. The liability for these contracts comprises a liability for IBNR, a liability for reported claims not yet paid and a liability for unexpired risks at the end of the reporting period. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance contracts assets and insurance contracts liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risks are market risk (including interest rate risk, equity risk and foreign currency risk), credit risk and liquidity risk. These risks arise from open positions in interest rates and currency, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments is interest rate risk and credit risk.

The key objectives of the Company's asset and liability management strategy are to ensure sufficient liquidity is maintained at all times to meet the Company's obligations, including its settlement of insurance provisions, and, within these parameters, to optimise investment returns for shareholders.

4.2.1 Interest rate risk

The Company is exposed to interest rate risk through its holdings in interest-bearing assets. Financial instruments with a floating interest rate expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

The Company's investment strategy, which is approved by the Board, is to invest in high quality, liquid fixed interest securities and cash with a focus on duration to ensure that the exposure to interest rate risk is minimised. The Company's exposure to interest rate risk is managed through adjustments to existing investment portfolios.

The estimates of future cash flows in the liabilities for incurred claims and amount recoverable on incurred claims are discounted to present value by reference to risk-free interest rates adjusted to reflect an illiquidity premium. The Company is therefore exposed to potential underwriting result volatility as a result of interest rate movements.

The nature of the Company's exposure to the currency risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Financial risk (continued)

4.2.1 Interest rate risk (continued)

The Company's exposure to cash flow and fair value interest rate risks and the effective weighted average interest rate as at reporting date for each significant class of interest-bearing financial assets are provided below:

Net interest-bearing financial assets	Floating interest rate HK$	Less than 1 year HK$	1 – 2 years HK$	Over 2 years HK$	Non-interest bearing HK$	Total HK$
As at 31 March 2025						
Fair value through profit or loss						
- Debt securities	63,502,089	28,594,237	52,523,272	1,116,327,859	116,563	1,261,064,020
- Others	-	-	-	-	107,789,302	107,789,302
Cash deposits with securities brokers	54,286,580	-	-	-	-	54,286,580
Fixed deposits	-	455,990,332	-	-	-	455,990,332
Bank balance and cash	16,098,409	-	-	-	355,193	16,453,602
Weighted average interest rate	0.00%	3.60%	4.54%	4.95%	0.00%	4.55%
As at 31 March 2024						
Fair value through profit or loss						
- Debt securities	-	102,819,489	37,752,826	510,060,191	-	650,632,506
- Others	-	-	-	-	133,088,722	133,088,722
Cash deposits with securities brokers	33,910,890	-	-	-	-	33,910,890
Fixed deposits	-	938,570,357	-	-	-	938,570,357
Bank balance and cash	15,979,311	-	-	-	20,422,166	36,401,477
Weighted average interest rate	0.00%	4.90%	3.73%	4.06%	0.00%	4.60%

The Company's sensitivity to movements in interest rates in relation to the value of debt securities at fair value through profit or loss is shown in the table below:

	Financial impact on the sensitivity analysis of investment				
	Movement in variable % point(s)	Profit/(loss) 2025 HK$	Value of securities 2025 HK$	Profit/(loss) 2024 HK$	Value of securities 2024 HK$
Interest rate movement	0.5	(44,432,439)	(44,432,439)	(17,492,452)	(17,492,452)
of fixed interest securities	(0.5)	44,432,439	44,432,439	17,492,452	17,492,452

(a) No impact of effective tax rate is accounted for as there is no tax against capital appreciation or depreciation.

(b) Method used in preparing the sensitivity analysis:
- After tax financial impact = value of fixed interest securities x (Modified duration x yield).
- Where modified duration is expressed in number of years and yield is expressed in percentage (i.e. 1% = 0.01).

(c) Assumption made in preparing the sensitivity analysis:

Modified duration which is an extension of Macaulay duration and is a useful measure of the sensitivity of a bond's price (the present value of its cash flows) to interest rate movements. Modified duration follows the concept that interest rates and bond prices move in opposite directions.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Financial risk (continued)

4.2.2 Foreign currency risk

Foreign currency risk is the risk that the holding of foreign currencies will affect the Company's position as a result of a change in foreign currency exchange rates. The Company has investments in debt securities of $1,261,064,020 (2024: HK$647,646,726) primarily denominated in United States (US) dollar. Cash deposits with securities brokers, fixed deposits and bank balances and cash balances of HK$48,305,345 (2024: HK$235,195,272) are denominated in US dollar, HK$76,699 (2024: HK$77,152) are denominated in Renminbi, HK$59,108 (2024: HK$58,880) are denominated in Japanese Yen and HK$320,341 (2024: HK$314,922) are denominated in British Pound.

The other financial assets and liabilities are mainly denominated in Hong Kong dollar.

For US dollar, if Hong Kong dollar had strengthened/weakened by one percentage point against US dollar with all other variables held constant, the post-tax-profit of the Company for the year would have been HK$10,933,234 (2024: HK$7,371,731) lower/higher. A change in the other foreign currencies have immaterial impact to the Company. The management of the Company closely and continuously monitors the exposure on currency risk. The management will consider hedging significant foreign currency exposure should the need arise.

4.2.3 Equity price risk

The Company is exposed to equity price risk for its investments in listed equities and funds.

If the prices of the respective equity instruments of the Company had been increased/decreased by one percentage point and all other variables held constant, the post-tax profit of the Company for the year ended 31 March 2025 would increase/decrease by HK$900,041 (2024: HK$1,111,291).

4.2.4 Credit risk

Credit risk is risk due to uncertainty in a counterparty's ability to meet its obligations. The Company has exposure to credit risk in both insurance and investment operations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The following table represents the Company's carrying value of financial and reinsurance contract assets which are exposed to credit risk:

	2025	**2024**
	HK$	**HK$**
Amounts due from subsidiaries*	77,954,269	79,446,142
Reinsurance contract assets*	123,290,528	110,236,329
Amount due from a fellow subsidiary*	360,753	363,019
Financial assets at fair value through profit or loss	1,261,064,020	650,632,506
Deposits and other receivables*	43,954,663	41,636,198
Cash deposits with securities brokers	54,286,580	33,910,890
Fixed deposits	455,990,332	938,570,357
Bank balances	16,427,930	36,379,965
	2,033,329,075	1,891,175,406

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Financial risk (continued)

4.2.4 Credit risk (continued)

The following table summarizes the financial analysis categorised by the average of Standard & Poor's (S&P) ratings (or equivalent when not available from S&P).

	AAA HK$	AA HK$	A HK$	BBB or below HK$	Not rated HK$	Total HK$
As at 31 March 2025						
Financial assets at fair value through profit or loss	25,372,735	45,525,865	373,655,631	778,568,113	37,941,676	1,261,064,020
Cash deposits with securities brokers	-	-	35,045,056	19,241,524	-	54,286,580
Fixed deposits	-	-	359,727,020	96,263,312	-	455,990,332
Bank balances	-	369,530	15,935,101	89,259	34,040	16,427,930
	25,372,735	45,895,395	784,362,808	894,162,208	37,975,716	1,787,768,862
As at 31 March 2024						
Financial assets at fair value through profit or loss	12,435,862	21,829,262	179,395,551	270,112,953	166,858,878	650,632,506
Cash deposits with securities brokers	-	-	22,154,909	11,755,981	-	33,910,890
Fixed deposits	-	-	672,399,665	266,170,692	-	938,570,357
Bank balances	-	383,537	35,872,046	91,121	33,261	36,379,965
	12,435,862	22,212,799	909,822,171	548,130,747	166,892,139	1,659,493,718

* These are financial and reinsurance contract assets classified under not rated category.

The creditworthiness of counterparties is considered by reviewing their financial strength prior to finalisation of any contracts and transactions. The Company maintains records of the payment history for significant contract holders and banks with whom they conduct regular business. In this regard, the Directors consider that the credit risk of the Company is significantly reduced.

Reinsurance is used to manage insurance risk. This does not, however, discharge the liability of the Company 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. To reduce such risks, a list of approved reinsurers is maintained and reviewed regularly and the reinsurance business across various reinsurers is dispersed. Business may only be ceded to reinsurers appearing on the approved list. Reinsurers are selected on the basis of their financial condition, history of cooperation, quality of service and price of their reinsurance products. In addition, debt collection policies and procedures are established and closely followed by the Company.

Specifically, the exposure of credit risk relates to reinsurers' share of insurance contract liabilities (excluding liability for unearned premiums) and reinsurance debtors. For reinsurers' share of insurance contract liabilities (excluding liability for unearned premiums), the Company monitors the financial stability of the reinsurers periodically and makes cash calls to reinsurers on significant claims to reduce the risk of default.

Amounts due from group companies are continuously monitored by assessing the credit quality of the counterparties, taking into account its financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts. As at 31 March 2025 and 2024, the amounts due from group companies were with no history of default.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Financial risk (continued)

4.2.4 Credit risk (continued)

The Company does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The Company is also subject to the credit risk of the intermediaries, such as agents and brokers, direct sales and other financial institutions, which act as distribution channels. Internal policies are followed to closely monitor and assess the financial strength of each intermediary.

The Company's investments in debt securities are subject to credit risk. Deterioration of the financial condition or results of operation of the issuers of these instruments may cause a delay in payments of principal or interest when due, and may also result in potential credit loss.

The credit risk on deposits with securities brokers and banks is limited because the counterparties are with high credit-ratings assigned by international credit-rating agencies and banks located in Hong Kong are subject to the supervision by the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission.

4.2.5 Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due.

The Company has established procedures to monitor and control its cash flows by placing surplus funds as bank deposits in order to be able to meet unexpected cash demand and to comply with the regulatory solvency requirement. In addition, the management manages its funds conservatively and maintains a reasonable level of cash and cash equivalents in order to meet continuous operational need.

Maturity profiles

(a) Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	Less than 1 year HK$	1-2 years HK$	2-5 years HK$	More than 5 years HK$	Payable on demand HK$	Total HK$
As at 31 March 2025	338,231,854	307,693,881	364,327,851	20,832,315	-	1,031,085,901
As at 31 March 2024	284,549,312	257,852,088	316,549,368	18,105,897	-	877,056,665

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Financial risk (continued)

4.2.5 Liquidity risk (continued)

(b) Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table summarises the maturity profiles of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable:

	Less than 1 year HK$	1-2 years HK$	2-5 years HK$	More than 5 years HK$	No stated maturity HK$	Total HK$
As at 31 March 2025						
Amounts due from subsidiaries	-	-	-	-	77,954,269	77,954,269
Amount due from a fellow subsidiary	-	-	-	-	360,753	360,753
Financial assets through profit or loss						
Debt securities	28,710,800	61,906,886	361,942,861	808,503,473	-	1,261,064,020
Others	-	-	-	-	107,789,302	107,789,302
Cash deposits with securities brokers	-	-	-	-	54,286,580	54,286,580
Fixed deposits	457,132,014	-	-	-	-	457,132,014
Bank balances	-	-	-	-	16,453,602	16,453,602
Deposits and other receivables	19,413,935	-	-	-	21,235,023	40,648,958
	505,256,749	61,906,886	361,942,861	808,503,473	278,079,529	2,015,689,498
As at 31 March 2024						
Amounts due from subsidiaries	-	-	-	-	79,446,142	79,446,142
Amount due from a fellow subsidiary	-	-	-	-	363,019	363,019
Financial assets through profit or loss						
Debt securities	102,819,489	37,752,826	183,376,175	326,684,016	-	650,632,506
Others	-	-	-	-	133,088,722	133,088,722
Cash deposits with securities brokers	-	-	-	-	33,910,890	33,910,890
Fixed deposits	938,570,357	-	-	-	-	938,570,357
Bank balances	-	-	-	-	36,379,965	36,379,965
Deposits and other receivables	16,931,596	-	-	-	24,704,602	41,636,198
	1,058,321,442	37,752,826	183,376,175	326,684,016	307,893,340	1,914,027,799

(c) Maturity analysis for financial liabilities (contractual undiscounted cash flow basis)

The following tables indicate the contractual timing of cash flow arising from financial liabilities based on the remaining undiscounted contractual obligations.

	Less than 1 year HK$	1-2 years HK$	2-5 years HK$	More than 5 years HK$	No stated maturity HK$	Total HK$
As at 31 March 2025						
Amount to a subsidiary	-	-	-	-	4,418,754	4,418,754
Amounts due to fellow subsidiaries	-	-	-	-	1,481,405	1,481,405
Other payables	37,701,137	22,031,500	-	-	-	59,732,637
	37,701,137	22,031,500	-	-	5,900,159	65,632,796
As at 31 March 2024						
Amount to a subsidiary	-	-	-	-	3,307,690	3,307,690
Amounts due to fellow subsidiaries	-	-	-	-	558,392	558,392
Amount due to ultimate holding company	-	-	-	-	905	905
Other payables	33,382,976	10,236,590	12,140,774	-	-	55,760,340
	33,382,976	10,236,590	12,140,774	-	3,866,987	59,627,327

The Company has no significant concentration of liquidity risk for the year ended 31 March 2025 and 2024 respectively.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.3 Fair value estimation

The carrying amounts of insurance debtors, deposits, other receivables, cash deposits with securities brokers, fixed deposits, bank balances and cash, insurance creditors, other payables and balances with group companies approximate their fair values.

The Company uses the following fair value measurement hierarchies for disclosing the fair values of financial instruments:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the financial assets that are measured at fair value as at 31 March 2025 and 2024:

	2025			
	Level 1 HK$	**Level 2 HK$**	**Level 3 HK$**	**Total HK$**
FVTPL				
Listed debts securities				
- Hong Kong	257,376,208	-	-	257,376,208
- overseas	916,733,820	-	-	916,733,820
Unlisted debts securities	-	86,953,992	-	86,953,992
Listed equity securities				
- Hong Kong	86,319,507	-	-	86,319,507
- overseas	1,695,511	-	-	1,695,511
Listed other funds				-
- overseas	18,537,476	-	-	18,537,476
Unlisted other funds	-	337,822	898,986	1,236,808
As at 31 March 2025	1,280,662,522	87,291,814	898,986	1,368,853,322

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.3 Fair value estimation (continued)

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
FVTPL				
Listed debts securities				
- Hong Kong	203,940,707	-	-	203,940,707
- overseas	340,719,710	-	-	340,719,710
Unlisted debts securities	-	105,972,089	-	105,972,089
Listed equity securities				
- Hong Kong	123,254,539	-	-	123,254,539
- overseas	7,605,146	-	-	7,605,146
Unlisted other funds	-	345,176	1,883,861	2,229,037
As at 31 March 2024	675,520,102	106,317,265	1,883,861	783,721,228

The Company uses quoted market prices for financial assets included in Level 1. The quoted price which is used, is the price within the bid-ask spread that is most representative of the fair value. Financial assets that has publicly available market prices but are not listed in any stock exchanges are included in Level 2.

Investments classified as Level 3 financial instruments are primarily unlisted funds. The fair value of these investments is generally based on the net asset value of the funds as reported in the audited financial statements or periodic information of these funds. The underlying investments held within the fund are generally unlisted equity instruments. These investments are measured at fair valuation based on various valuation techniques involving significant unobservable inputs (e.g. inputs calibrated based on recent market transactions; financial and non-financial measures of underlying investee companies compared to budget plan or milestones) as determined appropriate by the fund managers or third party service providers. As at 31 March 2025, if the value of the Level 3 investments had been 20% higher/lower, the profit after tax and total equity of the Company would have been HK$150,131 (2024: HK$314,605) higher/lower.

There were no transfers of financial instruments between levels in the hierarchy for the years ended 31 March 2025 and 2024. The following table presents the changes in Level 3 fair value hierarchy of financial instruments for the years ended 31 March 2025 and 2024:

	HK$
As at 1 April 2023	19,771,321
Disposal	(17,386,707)
Exchange loss	(31,642)
Fair value loss recognised through profit or loss, net	(469,111)
As at 31 March 2024	1,883,861
Exchange loss	(9,636)
Fair value loss recognised through profit or loss, net	(975,239)
As at 31 March 2025	898,986

5 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Company's policy is to maintain a strong capital base to support the development of the Company's business and to meet the statutory capital or solvency margin requirements. The Directors regularly monitor the capital structures, which represents the equity as disclosed in the statement of financial position.

Effective from 1 July 2024, the Company is subject to capital requirements under Hong Kong Risk-based Capital ("HKRBC") Regime introduced by Hong Kong Insurance Ordinance (Cap. 41). According to section 13AA of the Insurance Ordinance and the Valuation and Capital Rules, an insurer (except marine insurers, captive insurers, special purpose insurers and Lloyd's) must ensure that its capital base is not less than each of its Prescribed Capital Amount ("PCA"), its minimum capital amount ("MCA") and HK$20 million.

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

6 NET INVESTMENT INCOME

	2025 HK$	2024 HK$
Interest earned on bank deposits	29,510,337	38,025,107
Interest earned on investments	49,238,623	32,877,638
Dividend income on listed investments	5,039,053	4,827,987
Net exchange loss	(5,458,545)	(2,482,891)
Investment expenses	(2,424,926)	(1,101,195)
	75,904,542	72,146,646

7 NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$	2024 HK$
Net fair value gain/(loss) on financial assets	13,857,599	(16,856,100)
Net realised gain on financial assets	14,517,791	3,693,240
	28,375,390	(13,162,860)

8 OTHER OPERATING INCOME

	2025 HK$	2024 HK$
Management fee income	409,750	409,200
Interest income from a subsidiary	14,069	21,943
Sundry income	3,384,930	4,954,605
	3,808,749	5,385,748

9 INSURANCE SERVICE EXPENSES AND OPERATING EXPENSES

Insurance service expenses:-

	2025 HK$	2024 HK$
Incurred claims and other directly attributable expenses	398,645,441	442,880,231
Changes that relate to past service - Changes in the fulfilment cash flows ralating to liability for incurred claims	(52,869,168)	(121,401,129)
Insurance acquisition cash flows amortisation	53,276,192	55,719,299
Losses on onerous contracts and the reversals of those losses	(35,785,358)	37,496,652
	363,267,107	414,695,053

Operating expenses:-

	2025 HK$	2024 HK$
Staff costs *(note)*	18,136,522	16,694,808
Rent and rates	1,297,109	1,290,999
Impairment loss on trade debtors	1,143,343	-
Auditor's remuneration	899,809	1,760,424
Advertising and promotion	725,500	880,600
Annual licence fee	600,398	585,872
Building management fee	244,107	232,812
Depreciation	100,596	67,204
Loss on disposal of fixed assets	-	3,256
Others	2,499,295	2,434,710
	25,646,679	23,950,685

Insurance service and other expenses represented by:

	2025 HK$	2024 HK$
Insurance acquisition cash flows	7,954,503	6,701,896
Other directly attributable expenses	7,269,022	7,929,067
Other operating expenses	10,423,154	9,319,722
	25,646,679	23,950,685

Note: Contributions to retirement benefit schemes of HK$682,250 (2024: HK$635,180) are included in staff costs.

10 TAXATION

	2025 HK$	2024 HK$
Taxation comprise:		
Hong Kong profits tax		
- current year	18,571,669	18,434,172
- prior years	(9,345,895)	(160,022)
Deferred tax		
- origination and reversal of temporary differences (note 22)	8,013,427	(1,736,154)
	17,239,201	16,537,996

Hong Kong profits tax is calculated at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits.

Taxation for the year can be reconciled to the profit before taxation per statement of comprehensive income as follows:

	2025 HK$	2024 HK$
Profit before taxation	132,924,265	155,328,247
Tax at Hong Kong profits tax rate of 16.5% (2024: 16.5%)	21,932,504	25,629,161
Tax effect of non-deductible expenses	888,889	256,340
Tax effect of non-taxable income	(5,690,269)	(7,400,141)
Tax effect of unrecognised temporary difference	9,920,247	(324)
Tax concession	(464,775)	(1,784,018)
Tax reduction	(1,500)	(3,000)
Over-provision of tax in prior years	(9,345,895)	(160,022)
	17,239,201	16,537,996

Details of the deferred tax assets/(liabilities) are set out in note 22 to the financial information.

11 DIVIDEND PAID

	2025 HK$	2024 HK$
Interim dividend paid at HK$0.266 (2024: HK$nil) per ordinary share	79,800,000	-

12 INTERESTS IN SUBSIDIARIES

	2025	2024
	HK$	HK$
Unlisted shares, at cost	16,246,625	16,246,625
Amounts due from subsidiaries	77,954,269	79,446,142
Amount due to a subsidiary	(4,418,754)	(3,307,690)
	89,782,140	92,385,077

Amount due from a subsidiary of HK$71,254,076 (2024: HK$74,588,353) is unsecured, non-interest bearing and no fixed terms of repayment.

Amount due from a subsidiary of HK$6,700,193 (2024: HK$4,857,789) is unsecured, interest bearing at 0.625% (2024: 0.625%) per annum on the outstanding balances and has no fixed terms of repayment.

Amount due to a subsidiary of HK$4,418,754 (2024: HK$3,307,690) is unsecured, non-interest bearing and no fixed terms of repayment.

Particulars of the subsidiaries as at 31 March 2025 and 2024 are as follows:

Name of subsidiaries	Place/Country of incorporation/ operation	Class of share	Paid up issued share capital	No. of shares	Effective percentage of issued capital held directly/ indirectly by the Company	Principal activities
Goldyork Investment Limited	Hong Kong	Ordinary	HK$100	100	51%	Property investment
Proud Rich Limited	Hong Kong	Ordinary	HK$20	2	100%	Property investment
Nameco (No. 936) Limited	The United Kingdom	Ordinary	£1	1	100%	Insurance business

13 PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment HK$	Computer equipment and software HK$	Total HK$
Cost			
As at 1 April 2023	369,679	3,899,222	4,268,901
Additions	-	162,855	162,855
Write off	(12,994)	(288,082)	(301,076)
As at 31 March 2024	356,685	3,773,995	4,130,680
Additions	-	92,410	92,410
As at 31 March 2025	356,685	3,866,405	4,223,090
Accumulated depreciation			
As at 1 April 2023	212,034	3,843,133	4,055,167
Charge for the year	38,669	28,535	67,204
Written back	(12,994)	(284,826)	(297,820)
As at 31 March 2024	237,709	3,586,842	3,824,551
Charge for the year	38,339	62,257	100,596
As at 31 March 2025	276,048	3,649,099	3,925,147
Carrying value			
As at 31 March 2025	80,637	217,306	297,943
As at 31 March 2024	118,976	187,153	306,129

14 NET INSURANCE FINANCE INCOME/(EXPENSES)

	2025 HK$	2024 HK$
Insurance finance expenses from insurance contracts issued:		
Interest accreted	(38,841,962)	(30,025,969)
Effect of changes in interest rates and other financial assumptions	(10,307,581)	7,489,766
Finance expenses from insurance contracts issued	(49,149,543)	(22,536,203)
Reinsurance finance income from reinsurance contracts held:		
Interest accreted	3,773,287	1,967,876
Effect of changes in interest rates and other financial assumptions	1,721,596	(630,559)
Finance income from reinsurance contracts held	5,494,883	1,337,317

15 AMOUNTS DUE FROM A FELLOW SUBSIDIARY/ DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, interest free and has no fixed terms of repayment.

16 AMOUNT DUE FROM/ TO ULTIMATE HOLDING COMPANY

The amount due from/ to ultimate holding company is unsecured, interest free and has no fixed terms of repayment.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	HK$	HK$
Debt securities		
Listed in Hong Kong	257,376,208	203,940,707
Listed overseas	916,733,820	340,719,710
Unlisted	86,953,992	105,972,089
Equity securities		
Listed in Hong Kong	86,319,507	123,254,539
Listed overseas	1,695,511	7,605,146
Other funds		
Listed overseas	18,537,476	-
Unlisted	1,236,808	2,229,037
	1,368,853,322	783,721,228
Market value of listed investment securities	1,280,662,522	675,520,102

The fair values of listed investments of the Company are determined based on the quoted market bid prices available on the relevant exchanges and the unlisted investments of the Company are determined based on financial models or with reference to quoted prices from relevant financial institutions.

18 BANK BALANCES AND CASH

	2025	2024
	HK$	HK$
Current and saving accounts with banks	16,427,930	36,379,965
Cash in hand	25,672	21,512
	16,453,602	36,401,477

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025	2024
	HK$	HK$
Prepayments	753,193	742,074
Deposits	3,305,705	3,469,579
Other receivables	40,648,958	38,166,619
	44,707,856	42,378,272

20 OTHER PAYABLES AND ACCRUED CHARGES

	2025 HK$	2024 HK$
Other payables	59,732,637	55,760,340
Accrued charges	1,873,101	3,268,848
	61,605,738	59,029,188

The other payables include HK$52,300,690 (2024: HK$42,899,684) of cash collaterals received that the Company is authorised to deduct from or set-off against for the purposes of recovery of any loss incurred by the Company arising out of the Company's obligation to pay the beneficiary in respect of any claim under the surety bonds underwritten. The cash collateral would be released and repaid solely on the condition that no claims has been made against the Company in accordance with the associated collateral agreements.

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES

The breakdown of portfolios of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2025 HK$	2024 HK$
Liabilities:		
Total insurance contracts issued	(1,330,208,654)	(1,269,499,469)
Assets:		
Total reinsurance contracts held	123,290,528	110,236,329
Net liabilities	(1,206,918,126)	(1,159,263,140)

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.1 Insurance contract liabilities

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The table below analyses the movement in the net insurance contract liabilities, showing separately the liabilities remaining coverage and liabilities for incurred claim by line of business with material net liabilities:

	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Exclude loss component HK$	Loss component HK$	Estimates of the present value of future cash flows HK$	Risk adjustment HK$	Total HK$
Net insurance contract liabilities at 1 April 2024	354,542,235	37,539,840	800,772,076	76,645,318	1,269,499,469
Insurance revenue	(475,564,787)	-	-	-	(475,564,787)
Incurred claims and other expenses	-	-	364,479,322	34,166,119	398,645,441
Insurance acquisition cash flows (a)	53,276,192	-	-	-	53,276,192
Change that related to past service	-	-	(32,214,885)	(20,654,283)	(52,869,168)
Losses on onerous contracts and reversals of those losses	-	(35,785,358)	-	-	(35,785,358)
Insurance services expenses (note 9)	53,276,192	(35,785,358)	332,264,437	13,511,836	363,267,107
Insurance service result	(422,288,595)	(35,785,358)	332,264,437	13,511,836	(112,297,680)
Insurance finance expense (b)	-	-	49,149,543	-	49,149,543
Total changes in the statement of comprehensive income	(422,288,595)	(35,785,358)	381,413,980	13,511,836	(63,148,137)
Insurance acquisition cash flows asset and other pre-recognition cash flows derecognized and other changes	8,407,625	-	48,604	-	8,456,229
Cash flows					
Premiums received (c)	403,852,579	-	-	-	403,852,579
Claims and expenses paid	-	-	(240,684,074)	-	(240,684,074)
Acquisition costs paid	(47,767,412)	-	-	-	(47,767,412)
Total cash flows	356,085,167	-	(240,684,074)	-	115,401,093
Net insurance contract liabilities at 31 March 2025	296,746,432	1,754,482	941,550,586	90,157,154	1,330,208,654

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.1 Insurance contract liabilities (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Exclude loss component HK$	Loss component HK$	Estimates of the present value of future cash flows HK$	Risk adjustment HK$	Total HK$
Net insurance contract liabilities at 1 April 2023	390,462,767	43,188	630,139,103	66,460,501	1,087,105,559
Insurance revenue	(504,068,940)	-	-	-	(504,068,940)
Incurred claims and other expenses	-	-	405,591,251	37,288,980	442,880,231
Insurance acquisition cash flows (a)	55,719,299	-	-	-	55,719,299
Change that related to past service	-	-	(94,296,966)	(27,104,163)	(121,401,129)
Losses on onerous contracts and reversals of those losses	-	37,496,652	-	-	37,496,652
Insurance services expenses (note 9)	55,719,299	37,496,652	311,294,285	10,184,817	414,695,053
Insurance service result	(448,349,641)	37,496,652	311,294,285	10,184,817	(89,373,887)
Insurance finance expense (b)	-	-	22,536,203	-	22,536,203
Total changes in the statement of comprehensive income	(448,349,641)	37,496,652	333,830,488	10,184,817	(66,837,684)
Insurance acquisition cash flows asset and other pre-recognition cash flows derecognized and other changes	(8,607,332)	-	434,390	-	(8,172,942)
Cash flows					
Premiums received (c)	477,341,654	-	-	-	477,341,654
Claims and expenses paid	-	-	(163,631,905)	-	(163,631,905)
Acquisition costs paid	(56,305,213)	-	-	-	(56,305,213)
Total cash flows	421,036,441	-	(163,631,905)	-	257,404,536
Net insurance contract liabilities at 31 March 2024	354,542,235	37,539,840	800,772,076	76,645,318	1,269,499,469

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.1 Insurance contract liabilities (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

(a) Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of contracts. Please refer to note 2.7.5(e) for details.

(b) The Company has made an accounting policy choice for the product line to not disaggregate insurance finance expense between profit or loss. Please refer to note 2.7.6(e) for details.

(c) Any refunds of premiums have been included in this line.

(d) As at 31 March 2025, gross trade debtors balances totalling HK$1,143,343 (2024: HK$168,056) were individually determined to be impaired, which were related to customers are under negotiation. Consequently, specific provision for impairment of HK$1,143,343 was recognised (2024: HK$168,056).

(e) Balance includes net amounts due from fellow subsidiaries of HK$239,134 (2024: HK$696,499), which are unsecured, interest free and have payment terms in accordance with the normal course of business.

	2025	2024
	HK$	HK$
Insurance contract liabilities		
Current portion	379,966,666	364,710,360
Non-current portion	950,241,988	904,789,109
	1,330,208,654	1,269,499,469

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.2 Reinsurance contract assets

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

	2025				
	Assets for remaining coverage		Amount recoverable on incurred claims		
	Exclude loss-recovery component HK$	Loss-recovery component HK$	Estimates of the present value of future cash flows HK$	Risk adjustment HK$	Total HK$
Net reinsurance contract assets at 1 April 2024	(8,024,440)	27,256,062	82,884,175	8,120,532	110,236,329
Reinsurance expenses	(63,983,188)	-	-	-	(63,983,188)
Recovery of incurred claims and other expenses	-	-	43,776,319	4,310,363	48,086,682
Change that related to past service	-	-	9,465,621	302,665	9,768,286
Recovery of losses on onerous underlying contracts and reversals of those recoveries (a)	-	(27,256,062)	-	-	(27,256,062)
Reinsurance recoveries	-	(27,256,062)	53,241,940	4,613,028	30,598,906
Insurance service result	(63,983,188)	(27,256,062)	53,241,940	4,613,028	(33,384,282)
Reinsurance finance income (b)	-	-	5,494,883	-	5,494,883
Total changes in the statement of comprehensive income	(63,983,188)	(27,256,062)	58,736,823	4,613,028	(27,889,399)
Other pre-recognition cash flows derecognized and other changes	3,312,160	-	(168,056)	-	3,144,104
Cash flows					
Premiums paid (c)	46,475,393	-	-	-	46,475,393
Amounts received	-	-	(8,675,899)	-	(8,675,899)
Total cash flows	46,475,393	-	(8,675,899)	-	37,799,494
Net reinsurance contract assets at 31 March 2025	(22,220,075)	-	132,777,043	12,733,560	123,290,528

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.2 Reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

	2024				
	Assets for remaining coverage		Amount recoverable on incurred claims		
	Exclude loss-recovery component HK$	Loss-recovery component HK$	Estimates of the present value of future cash flows HK$	Risk adjustment HK$	Total HK$
Net reinsurance contract assets at 1 April 2023	(1,144,305)	-	41,040,502	3,477,288	43,373,485
Reinsurance expenses	(45,638,012)	-	-	-	(45,638,012)
Recovery of incurred claims and other expenses	-	-	55,307,488	5,456,293	60,763,781
Change that related to past service	-	-	(9,465,348)	(813,049)	(10,278,397)
Recovery of losses on onerous underlying contracts and reversals of those recoveries (a)	-	27,256,062	-	-	27,256,062
Reinsurance recoveries	-	27,256,062	45,842,140	4,643,244	77,741,446
Insurance service result	(45,638,012)	27,256,062	45,842,140	4,643,244	32,103,434
Reinsurance finance income (b)	-	-	1,337,317	-	1,337,317
Total changes in the statement of comprehensive income	(45,638,012)	27,256,062	47,179,457	4,643,244	33,440,751
Other pre-recognition cash flows derecognized and other changes	3,123,401	-	-	-	3,123,401
Cash flows					
Premiums paid (c)	35,634,476	-	-	-	35,634,476
Amounts received	-	-	(5,335,784)	-	(5,335,784)
Total cash flows	35,634,476	-	(5,335,784)	-	30,298,692
Net reinsurance contract assets at 31 March 2024	(8,024,440)	27,256,062	82,884,175	8,120,532	110,236,329

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.2 Reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

(a) A loss-recovery component was set up upon the initial recognition of an onerous group of underlying insurance contracts. Please refer to note 2.7.6(d) for details.

(b) The Company applies a consistent accounting policy to reinsurance contracts held and recognises net insurance finance expenses in profit or loss only. Please refer to note 2.7.6(f) for details.

(c) Balance includes amount due to a fellow subsidiary of HK$2,645 (2024: HK$45,510), which is unsecured, interest free and have payment terms in accordance with the normal course of business.

	2025 HK$	2024 HK$
Reinsurance contract assets		
Current portion	21,730,258	68,432,166
Non-current portion	101,560,270	41,804,163
	123,290,528	110,236,329

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.3 Claims development tables

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by HKFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is the greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies HKFRS 17.

Accident year claims development table - gross as at 2025:

	2021	2022	2023	2024	2025	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Estimate of cumulative claims						
- year 1	185,592	270,524	380,533	436,754	398,175	
- year 2	141,161	235,446	368,299	424,607	-	
- year 3	129,933	201,769	361,825	-	-	
- year 4	91,525	197,143	-	-	-	
- year 5	91,709	-	-	-	-	
Cumulative gross claims	91,709	197,143	361,825	424,607	398,175	1,473,459
Cumulative payments to date	(78,651)	(141,604)	(160,713)	(86,033)	(11,178)	(478,179)
	13,058	55,539	201,112	338,574	386,997	995,280
Cumulative gross claims - prior accident year						3,532
Gross undiscounted liabilities for incurred claims						998,812
Effect of discounting						(57,883)
Risk adjustment						90,157
Other incurred insurance expenses						622
Total net liabilities for incurred claims						1,031,708

21 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

21.3 Claims development tables (continued)

Accident year claims development table - net as at 2025:

	2021	2022	2023	2024	2025	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Estimate of cumulative claims						
- year 1	177,211	254,108	353,814	378,762	348,929	
- year 2	137,236	229,151	353,643	371,333	-	
- year 3	123,082	194,093	335,293	-	-	
- year 4	88,023	184,326	-	-	-	
- year 5	85,092	-	-	-	-	
Cumulative net claims	85,092	184,326	335,293	371,333	348,929	1,324,973
Cumulative payments to date	(74,443)	(138,589)	(158,007)	(84,745)	(11,148)	(466,932)
	10,649	45,737	177,286	286,588	337,781	858,041
Cumulative net claims - prior accident year						618
Net undiscounted liabilities for incurred claims						858,659
Effect of discounting						(48,417)
Risk adjustment						77,424
Other incurred insurance expenses						(1,469)
Total net liabilities for incurred claims						886,197

22 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same taxation authority. The followings are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	**Revaluation of financial assets**	**HKFRS17 and RBC Regime differences**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
As at 1 April 2023	(21,628)	273,703	-	252,075
Credited/(charged) to statement of comprehensive income	(17,792)	1,753,946	-	1,736,154
As at 31 March 2024	(39,420)	2,027,649	-	1,988,229
Credited/(charged) to statement of comprehensive income	(661)	3,543,252	(11,556,018)	(8,013,427)
As at 31 March 2025	(40,081)	5,570,901	(11,556,018)	(6,025,198)

23 SHARE CAPITAL

	2025 HK$	2024 HK$
Issued and fully paid		
300,000,000 ordinary shares	300,000,000	300,000,000

24 CASH GENERATED FROM OPERATIONS

	2025 HK$	2024 HK$
Profit before taxation	132,924,265	155,328,247
Adjustments for:		
Interest income	(78,748,960)	(70,902,745)
Dividend income	(5,039,053)	(4,827,987)
Depreciation	100,596	67,204
Loss on disposal of fixed assets	-	3,256
Impairment loss on trade debtors	1,143,343	-
Net exchange loss on financial assets at fair value through profit or loss	4,669,659	1,983,742
Net (gain)/loss on financial assets at fair value through profit or loss	(28,375,390)	13,162,860
Operating cash flows before change in operating assets and liabilities	26,674,460	94,814,577
Change in operating assets and liabilities:		
Increase in reinsurance contract assets	(13,054,199)	(66,862,844)
Decrease/(increase) in amounts due from subsidiaries	1,491,873	(4,471,274)
Increase in amount due to a subsidiary	1,111,064	1,178,006
Decrease in amount due from a fellow subsidiary	2,266	1,946
Increase in amount due from ultimate holding company	(24,223)	-
Increase in prepayments, deposits and other receivables	(10,179,112)	(5,062,886)
Increase in insurance contract liabilities	59,565,842	182,393,910
Increase/(decrease) in amounts due to fellow subsidiaries	923,013	(1,650,924)
Decrease in amount due to ultimate holding company	(905)	(12,486)
Increase in other payables and accrued charges	2,576,550	9,842,104
Cash generated from operations	69,086,629	210,170,129

25 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G)

25.1 Directors' emoluments

Emoluments paid and payable to the Directors are as follows:

	2025 HK$	2024 HK$
Director fee		
Mr. Mak Hon Ming	180,000	180,000
Mr. Ng Hon Ying	180,000	180,000
	360,000	360,000

25.2 Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 26 to the financial statements, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

26 RELATED PARTY TRANSACTIONS

(a) During the year, the Company entered into the following transactions with related parties:

	2025 HK$	2024 HK$
Investment management fee paid to a fellow subsidiary	(408,000)	(408,000)
Rent and rates paid to fellow subsidiaries	(1,215,828)	(1,290,999)
Loan interest income received from a subsidiary	14,069	21,943
Management fee income received from a fellow subsidiary	360,000	360,000
Management fee income received from ultimate holding company	49,750	49,200
Insurance revenue from affiliates	836,884	630,495
Insurance revenue from fellow subsidiaries	17,393,365	39,853,817

(b) In the opinion of the Directors, the above related party transactions were carried out in the normal course of business of the Company and on terms mutually agreed between the parties involved.

(c) Year-end balances arising from insurance business:

	2025 HK$	2024 HK$
Premium receivables from related parties:		
- fellow subsidiaries	239,134	696,499
Premium payable to related parties:		
- fellow subsidiaries	2,645	45,510

(d) Details about the amounts due from/to related parties at the end of the reporting period are set out in the statement of financial position and notes 12, 15 and 16 to the financial statements.