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## **Yunfeng Financial Group Limited**

**雲鋒金融集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 376)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board of directors (the “**Board**”) of Yunfeng Financial Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024. The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee and the Company’s independent auditor.

# **Yunfeng Financial Group Announces 2025 Interim Results: Application for Licenses Upgrade Entering Web3 Era, Relaunch of Equity Incentive Plan to Attract Talent, Core Metrics Reach Record Highs**

Yunfeng Financial Group Limited (“Yunfeng Financial” or the “Group”) is pleased to announce the Group’s interim results for 2025. Yunfeng Financial is preparing to enter the Web3 era, with its licensed securities subsidiaries which have submitted applications to the Hong Kong Securities and Futures Commission (SFC) to upgrade its Type 1, Type 4, and Type 9 licenses. Upon approval, the Group will be authorised to offer comprehensive virtual asset trading services and manage portfolios comprising virtual asset investments. The Board of Directors of the Group has approved the adoption of a new employee incentive shares scheme<sup>1</sup> to attract and retain high-calibre talents. The Group’s core business segments delivered robust performance, with several key indicators reaching historical highs, total assets surpassed HK\$100 billion.

As of 30 June 2025, the Group’s insurance business recorded outstanding results:

- Annualized Premium Equivalent (APE) of new business reached HKD 2.222 billion, representing a year-on-year increase of 107%.
- Value of New Business (VNB) amounted to HKD 610 million, a year-on-year increase of 81%.
- Profit attributable to shareholders under Hong Kong Financial Reporting Standards was HKD 490 million, a surge of 142% compared to the same period last year.
- Group embedded value equity increased to HK\$22.4 billion, with shareholder’s group embedded value equity per share at HK\$3.92.

Yunfeng Financials’ subsidiary, YF Life Insurance International Limited (“YF Life”) delivered outstanding new business performance, driven by heightened market demand for high-quality insurance products and the Group’s diversified product strategy. These strong key performance results not only demonstrate the competitiveness of YF Life’s offerings, but also the effectiveness of its customer acquisition and distribution management strategies.

In term of profitability, the Group also perform well. Net operating income increased by 23% compared to the same period last year, indicating significant improvements in operational efficiency and continued steady business expansion, and further highlighting the Group’s long-term profitability potential and solid financial foundation.

Looking ahead, Yunfeng Financial will build on its core businesses and proactively expand into forward-looking technology sectors from a broader strategic perspective, aiming to unlock new drivers of business growth and continuously deliver high-quality services to clients.

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<sup>1</sup> The schemes will become effective upon shareholders’ approval in accordance with the Listing Rules.

The Group views Artificial Intelligence (AI) as a key enabler of operational efficiency and customer experience. By integrating AI technologies, it aims to enhance intelligent underwriting, compliance flow, automate claims processing, and personalise product recommendations, and deliver better services to our customers. In response to the decentralisation trend of Web3, the Group is actively exploring the tokenisation of Real World Assets (RWA) to innovate asset management and diversify investment portfolio, providing clients with new asset allocation options. On the sustainability front, Yunfeng Financial will continue to promote investment in and development of ESG-aligned zero-carbon assets, and design innovative products that align with green finance trends. While fulfilling corporate social responsibilities, it also creates long-term and stable value for the Group. Through deep exploration and integration of these frontier technologies, Yunfeng Financial aims to lead technological innovation and lay a solid foundation for future development.

## Corporate information

### Board of Directors

#### Chairman

Mr. Yu Feng (*Non-Executive Director*)

#### Executive Directors

Mr. Huang Xin (*Interim Chief Executive Officer*)

#### Non-Executive Directors

Mr. Michael James O' Connor  
Ms. Hai Olivia Ou

#### Independent Non-Executive Directors

Mr. Qi Daqing  
Mr. Chu Chung Yue, Howard  
Mr. Xiao Feng

#### Audit Committee

Mr. Chu Chung Yue, Howard (*Chairman*)  
Mr. Qi Daqing  
Mr. Xiao Feng

### Remuneration Committee

Mr. Qi Daqing (*Chairman*)  
Mr. Huang Xin  
Mr. Chu Chung Yue, Howard  
Mr. Xiao Feng

### Nomination Committee

Mr. Yu Feng (*Chairman*)  
Mr. Qi Daqing  
Mr. Chu Chung Yue, Howard

### Authorised representatives

Mr. Huang Xin  
Mr. Chan Man Ko

### Company secretary

Mr. Chan Man Ko

### Auditor

KPMG  
Certified Public Accountants  
Public Interest Entity Auditor registered in  
accordance with the Accounting and Financial  
Reporting Council Ordinance

**Bankers**

Bank of Communications  
China Construction Bank (Asia)  
Bank of China (Hong Kong)  
China Minsheng Banking Corporation  
Limited  
The Hongkong and Shanghai Banking  
Limited

**Share registrar**

Computershare Hong Kong Investor Services  
Limited  
Shops 1712-1716,  
17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

**Registered and principal office**

Rooms 1803-1806  
18<sup>th</sup> Floor, YF Life Centre  
38 Gloucester Road  
Wanchai, Hong Kong

**Website**

[www.yff.com](http://www.yff.com)

**Stock code**

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## Management discussion and analysis

The board of directors (the “Board”) of Yunfeng Financial Group Limited (the “Company”) submit herewith the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “First Half of 2025”, “1H 2025” or the “Period”), together with the comparative figures for the corresponding period in 2024 (the “First Half of 2024”, the “Prior Period” or “1H 2024”).

### Overview

In the First Half of 2025, the economy of Hong Kong recorded a solid expansion benefited from strong export performance and improved domestic demand. Despite uncertainties in US tariff policy and interest rates cut, Hong Kong economy is expected to maintain the growth. Under a stable Hong Kong economy, the Group’s subsidiary, YF Life Insurance International Limited (“YF Life”), achieved an impressive new business performance driven by surging market demand for high-quality insurance products and the YF Life’s diversified product strategy. The Group achieved several strong key business and financial indicators including significant year-on-year increases in annualized premium equivalent and value of new business, total assets value of the Group exceeding HK\$100 billion, and steady growth in the Group’s embedded value equity. The strong performance of the business and financial indicators have validated the strong market competitiveness of YF Life’s products and demonstrated YF Life’s remarkable success in expanding its customer base and optimizing distribution management.

The Group’s main sources of revenue include life insurance premium income and other financial businesses. There is no material change in the Group’s core business activities compared to that of year 2024.

For the Period, the Group’s insurance revenue amounted to HK\$1,532 million, representing an increase of 11% compared to that of HK\$1,378 million for the Prior Period. The Group’s consolidated profit amounted to HK\$765 million, representing an increase of 103% compared to that of HK\$376 million for the Prior Period. The net profit attributable to equity shareholders of the Company amounted to HK\$486 million, representing an increase of 142% compared to HK\$201 million for the Prior Period. The increase in net profit attributable to equity shareholders of the Company for the Period was mainly due to the benefit of the significant growth in operating profit of the Group’s insurance business, and the positive impacts of the fair value of investments and currency exchange rates.

## Financial result review

### Significant financial information

Consolidated profit and loss analysis for the period ended 30 June, HK\$ million

<b>Income</b>	<b>2025</b>	<b>2024</b>	<b>Change %</b>
Net operating income	686	560	23
Net profit attributable to the owners	486	201	142
Basic earnings per share (HK\$) ( <i>Note 1</i> )	0.13	0.05	160
Interim dividend proposed per share	-	-	N/A

Consolidated financial position analysis, HK\$ million

	<b>At 30 June 2025</b>	<b>At 31 December 2024</b>	<b>Change %</b>
Total assets	105,012	96,042	9
Total comprehensive equity ( <i>Note 2</i> )	25,754	23,913	8
Owner's comprehensive equity ( <i>Note 3</i> )	17,474	16,168	8
Owner's comprehensive equity per share (HK\$) ( <i>Note 4</i> )	4.52	4.18	8
Group embedded value equity ( <i>Note 5</i> )	22,442	21,166	6
Owner's group embedded value equity ( <i>Note 6</i> )	15,143	14,232	6
Owner's group embedded value equity per share (HK\$) ( <i>Note 4</i> )	3.915	3.679	6

*Note 1:* The denominator is weighted average number of ordinary shares of the Company.

*Note 2:* The total comprehensive equity comprised of total equity and net contractual service margin ("CSM").

*Note 3:* The total owner's comprehensive equity comprised of total equity and net CSM attributable to the equity shareholders of the Company.

*Note 4:* The denominator is total issued shares as of 30 June/31 December of the respective years.

*Note 5:* The group embedded value equity comprised of group embedded value, goodwill and intangible assets, net of relevant tax attributable to the owners of the Company and non-controlling interests.

*Note 6:* The owners' group embedded value equity comprised of group embedded value, goodwill and intangible assets, net of relevant tax attributable to the owners of the Company.

## Financial result review (continued)

### Analysis on profit for six months period ended 30 June, HK\$ million

	2025	2024	Change %
<b>YF Life segment net operating income</b>	696	573	21
<b>Other financial services and corporate segment operating loss</b>	<u>(10)</u>	<u>(13)</u>	(23)
Net operating income	686	560	23
Adjust for the following profit or loss and expenses impact:			
- Short-term fluctuations in investment returns, exchange fluctuation and discount rate related to insurance business	221	(108)	N/A
- Investment return related to other financial service business	(64)	(87)	(26)
- Finance costs (Note 2)	(83)	(106)	(22)
- Other items (Note 3)	(2)	92	N/A
- Consolidation adjustments (Note 4)	<u>7</u>	<u>25</u>	(72)
<b>Profit for the period</b>	765	376	103
Less: non-controlling interests	<u>(279)</u>	<u>(175)</u>	59
Net profit attributable to the owners	<u><u>486</u></u>	<u><u>201</u></u>	142

*Note 1:* For detailed analysis related to YF Life segment net operating income and related adjustment, please refer to key financial data of insurance business segment section.

*Note 2:* The amount includes bank interest expenses and other finance expenses incurred for capital required in the Group's strategic investment.

*Note 3:* Those items include costs of group restructuring and special projects considered by management which should be separately disclose to enable better understanding of net operating income.

*Note 4:* The consolidation adjustments represent the financial impact arising from the consolidation of YF Life.



## Financial result review (continued)

### Changes in total comprehensive equity

HK\$ million

2025

Balance at 1 January	23,913
Profit for the Period	765
Exchange reserve movement and net deferred tax impact in reserves	168
Net fair value reserve and other movement ( <i>Note 1</i> )	999
Dividend paid to non-controlling interests by a subsidiary	(91)

Balance at 30 June	25,754
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#### **Attributable to:**

- Equity shareholders of the Company	17,474
- Non-controlling interests	8,280

Total comprehensive equity	25,754
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*Note 1:* Net fair value reserve movement included the net insurance finance reserve movement recognised in other comprehensive income. Net CSM movement is included in other movement.

## Group embedded value and group embedded value equity

Group embedded value ("Group EV") is a financial metric used to estimate the consolidated value of shareholders' future profits from in-force policies, calculated as the sum of the adjusted net worth ("ANW") and the value of in-force business ("VIF"). Group embedded value equity refers to the total of Group EV, goodwill and intangible assets, net of relevant tax, attributable to the owners of the Company and non-controlling interests.

	<i>As at 30 June 2025 HK\$ million</i>	<i>As at 31 December 2024 HK\$ million</i>	<i>Change %</i>
Group EV	20,567	19,291	7
Goodwill and intangible assets, net of relevant tax	1,875	1,875	-
Group EV Equity	<u>22,442</u>	<u>21,166</u>	6
Attributable to:			
Owners of the Company	15,143	14,232	6
Non-controlling interests	<u>7,299</u>	<u>6,934</u>	5
Group EV Equity	<u>22,442</u>	<u>21,166</u>	6

## **Business review**

### **Insurance business review**

To facilitate a more thorough and comprehensive review of the insurance business, YF Life, related financial data below is presented on a half year basis, while the fair value accounting adjustments made on the acquisition, intragroup consolidation adjustment and transaction elimination are excluded. Such basis is considered being able to provide reader with more relevant information on the business performance of the insurance business segment.

### **Overview**

During the First Half of 2025, our insurance business remained as authorised insurer licensed to carry on life and annuity, linked long term, permanent health, and retirement scheme management long term insurance businesses in Hong Kong. It also operates in Macao through a branch office and is licensed to sell life insurance products in Macao.

Our insurance business division is committed to meeting our clients' various needs by continuously enriching our product offerings and maintaining a diversified product suite. Our four flagship products include: (i) the "Prosperous Infinity Saver", a flexible participating savings plan that we enhanced at the beginning of the year to allow our customers to accumulate wealth, including key features such as multiple policy currency exchange, flexible policy-split, bonus lock-in, premium holiday, and also the freedom to convert the cash value into lifetime annuity income; (ii) the "PrimeHealth" series which are critical illness products covering a wide range of illnesses; (iii) the "FLEXI-ULife Prime Saver", a flexible universal life insurance plan; and (iv) the "MY Flexi Lifetime Annuity", a plan providing guaranteed lifetime annuity income to act as a safety net during the customer's retirement.

As of 30 June 2025, the tied agency force consisted of approximately 2,791 (31 December 2024: 2,979) agents in Hong Kong and Macao. In addition to tied agency force, we also utilise brokers and agency intermediaries as well as banks and other financial institutions to distribute insurance products. The insurance business division has approximately 543 (31 December 2024: 545) employees and more than 540,000 (31 December 2024: 537,000) in-force individual policies.

In the First Half of 2025, we continued to develop and grow our tied agency to increase penetration in market while also seeking to expand our brokerage and agency intermediary distribution channel. For our bancassurance distribution channel, while reinforcing our traditional bank partnership, we introduced new products with our fintech bank partner to grow our presence to the online customer segment.

Our insurance division continued to innovate and introduce new savings, protection and annuity products targeted at our key customer segments to grow both local customer and mainland Chinese Visitor (MCV) sales, as well as support channel development. The year 2025 holds a significant place in YF Life's history, marking its 50<sup>th</sup> anniversary in Hong Kong. To commemorate this milestone, the company introduced a new brand concept and image "Invesurance" to demonstrate its commitment to protecting and growing customer's interests over the long term. Technology empowerment remains one of the company's core values. We introduced new features to our sales and customer platforms as part of our ongoing commitment to enhance sales efficiency and provide a seamless experience for our customers.

## Business review (continued)

### Non HKFRS supplementary financial information

#### Total premium and fee income

Total premium and fee income (“TPI”) consists of full amount of single premium, first year regular premium and renewal regular premium before reinsurance and includes deposits and contributions for contracts. In preparing the financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), insurance revenue represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows excluding all investment components like deposits and contributions. Therefore, the insurance revenue recognised in the financial statements prepared under HKFRS is less than TPI.

	<i>For the six months period ended 30 June</i>		<i>Change %</i>
	<i>2025</i>	<i>2024</i>	
	HK\$ million	HK\$ million	
Total premium and fee income	<u>7,493</u>	<u>5,821</u>	29

Management considers TPI as one of the important measures of the Group’s operating performance and believes that they are frequently used by analysts, investors and other interested parties in the evaluation of insurance companies. The management also uses TPI as additional measurement tools for the purposes of business decision-making. TPI is not measures of operating performance under HKFRS and should not be considered as a substitute for, or superior to, profit before tax in accordance with HKFRS.

## Business review (continued)

### Business Volume

The tables below set forth the TPI of the insurance business by (i) geographical region, (ii) distribution channel and (iii) product type based on internal records.

(i) By geographical region

	<i>For the six months period ended 30 June</i>		<i>2024</i>	
	2025	%	2024	%
	HK\$ million		HK\$ million	
Hong Kong	5,810	78	4,338	75
Macao	1,683	22	1,483	25
	<u>7,493</u>	<u>100</u>	<u>5,821</u>	<u>100</u>

(ii) By distribution channel

	<i>For the six months period ended 30 June</i>			<i>2024</i>		
	2025			2024		
	HK\$ million			HK\$ million		
	Hong Kong	Macao	Total	Hong Kong	Macao	Total
Tied agency	2,342	681	3,023	2,179	598	2,777
Brokers and non-tied agency	3,149	832	3,981	1,854	832	2,686
Banks and other financial institutions	319	170	489	305	53	358
	<u>5,810</u>	<u>1,683</u>	<u>7,493</u>	<u>4,338</u>	<u>1,483</u>	<u>5,821</u>

(iii) By product type

	<i>For the six months period ended 30 June</i>			<i>2024</i>		
	2025			2024		
	HK\$ million			HK\$ million		
	Hong Kong	Macao	Total	Hong Kong	Macao	Total
Regular premium - First year	1,814	218	2,032	905	67	972
Regular premium - Renewal	3,878	1,448	5,326	3,257	1,397	4,654
Single premium	116	15	131	174	17	191
Fee income	2	2	4	2	2	4
	<u>5,810</u>	<u>1,683</u>	<u>7,493</u>	<u>4,338</u>	<u>1,483</u>	<u>5,821</u>

## Business review (continued)

### Embedded value and value of new business

The Embedded Value method is a commonly adopted alternative method of measuring the value and profitability of a life insurance company. Embedded Value (“EV”) is an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. Value of New Business represents an actuarially determined estimate of the economic value arising from new life insurance business issued in the relevant period.

We adopted a traditional deterministic discounted cash flow methodology to determine the components of embedded value. This methodology makes implicit allowance for the time value of options and guarantees and other risks associated with the realisation of the expected future distributable earnings through the use of a risk adjusted discount rate and is consistent with the industry practice in the market.

The embedded value of the insurance business as at 30 June 2025 is HK\$22,295 million (31 December 2024: HK\$21,089 million) with breakdown as below.

HK\$ million

	As at 30 June 2025	As at 31 December 2024	Change %
Adjusted Net Worth (“ANW”) (Note 1)	18,350	16,939	8
Value of in-force (“VIF”) business after cost of capital (Note 2)	3,945	4,150	(5)
Embedded value	<u>22,295</u>	<u>21,089</u>	6

*Note 1* The ANW represents the market value of assets in excess of the asset backing the policy reserve and other liabilities. The shareholder dividend distributed in May 2025 has been reflected.

*Note 2* The VIF is the present value of future estimated after-tax statutory profits from in-force business, discounted at the risk discount rate. The increase is mainly driven by strong sales in 2025.

## Business review (continued)

The value of new business (“VNB”) of the insurance business for the period ended 30 June 2025 is HK\$607 million, significantly increased by 81% compared to HK\$336 million for the same period last year.

### VNB

	<i>For the six months period ended 30 June</i>		<i>Change %</i>
	<i>2025</i>	<i>2024</i>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Tied agency	192	142	35
Brokers and non-tied agency	378	165	129
Banks and other financial institutions	37	29	28
	<u>607</u>	<u>336</u>	81

The annual premium equivalent (“APE”) (Note) for the First half of 2025 amounted to HK\$2,222 million, representing a 107% growth compared to HK\$1,074 million in the First half of 2024.

### APE

	<i>For the six months period ended 30 June</i>		<i>Change %</i>
	<i>2025</i>	<i>2024</i>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Tied agency	518	299	73
Brokers and non-tied agency	1,552	742	109
Banks and other financial institutions	152	33	3 times
	<u>2,222</u>	<u>1,074</u>	107

During the Period, the increase in VNB of the three channels are primarily driven by higher APE. In particular, in terms of sales effort, the agency channel recorded a 49% increase in average productivity, 32% increase in average premium size, 38% of new recruits and 10% increase in active agents and achieve seventh in ranking of MDRT for Hong Kong market. On the other hand, in terms of achieving service excellence, broker channel is able to maintain an above 97% 25-month persistency rate of insurance policies.

For further discussion on embedded value and value of new business of insurance business, please refer to the Embedded Value section.

Note: APE represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. It is an internally used measurement of new business sales or activities within YF Life, excluding group and pension businesses.

## HKFRS financial information

The key financial data of insurance segment is presented under HKFRS on a half year basis before any fair value adjustment arising from the acquisition accounting policy and intra-group eliminations except for those where other basis and consideration are stated:

	For the six months period ended 30 June		Change %
	2025 HK\$ million	2024 HK\$ million	
Insurance revenue ( <i>Note a</i> )	1,533	1,378	11
Insurance service expenses ( <i>Note b</i> )	(1,093)	(1,040)	5
Net expenses from reinsurance contracts	(30)	(11)	1 time
Insurance service result ( <i>Note c</i> )	410	327	25
Investment return	2,710	1,985	37
Net finance expenses from insurance contracts ( <i>Note d</i> )	(2,113)	(1,629)	30
Net finance income from reinsurance contracts ( <i>Note d</i> )	93	76	22
Movement in investment contract liabilities	(106)	(104)	2
Net financial result	584	328	78
Revenue from investment management services and other income	35	80	(56)
Other operating expenses ( <i>Note e</i> )	(49)	(116)	(58)
Profit before taxation	980	619	58
Taxation	(64)	(61)	5
Profit after taxation	916	558	64

*Note a:* The amount reflects the consideration which the insurer expects to be entitled for the service provided on an earned basis.

*Note b:* The amount reflects service expenses arising from insurance contracts issued by YF Life including incurred claims and other expenses.

*Note c:* The balance represents the net result of insurance revenue, insurance service expenses and net of expense/income from reinsurance contract, which comprised of CSM release and fulfilment cashflow variance as explained in more details under Insurance contract liabilities and reinsurance assets section.

*Note d:* The amount reflects change in carrying amount of insurance and reinsurance contracts arising from effect of change in discount rates and financial risks.

*Note e:* The amount represents operating expenses for supporting MPF business, back office supporting function, investment contract operation etc.



## Net operating income

For management decision making and internal performance management purpose, the Group refers to the net operating income (“NOI”) representing profit generate from core business activities for the Period increase by 21% to HK\$696 million.

	<i>For the six months period ended 30 June</i>		<i>Change %</i>
	<i>2025</i> HK\$ million	<i>2024</i> HK\$ million	
Insurance service result (Note 1)	382	266	44
Investment result (Note 2)	485	436	11
Others (Note 3)	(171)	(129)	33
<b>Net operating income</b>	<b>696</b>	<b>573</b>	<b>21</b>
Adjust for the following profit or loss and expenses impact:			
- Short-term fluctuations in investment returns, exchange fluctuation and discount rate (Note 4)	222	(108)	N/A
- Other transactions (Note 5)	(2)	93	N/A
<b>Profit for the period</b>	<b>916</b>	<b>558</b>	<b>64</b>

Certain comparative figures are reclassified to be consistent with current period presentation.

Note 1 The balance represents the difference between insurance revenue and insurance service expenses for provision of services net of the reinsurance contract results excluding exchange adjustment. The key driver for insurance service result is the net CSM release.

	<i>For the six months period ended 30 June</i>		<i>Change %</i>
	<i>2025</i> HK\$ million	<i>2024</i> HK\$ million	
Net CSM release	370	323	15
Impact of variances and risk adjustment net of reinsurance result	12	(57)	N/A
Insurance service result	<b>382</b>	<b>266</b>	<b>44</b>

- Note 2 The balance represents net financial result of investment return, net finance income (expenses) from insurance and reinsurance contracts and movement of investment contract liability excluding exchange adjustment. The increase of balance is mainly contributed by a larger pool of investment assets and yield.

	For the period ended 30 June		
	2025 HK\$ million	2024 HK\$ million	Change %
Interest income and others	1,572	1,476	7
Investment return for equities	127	124	2
Insurance finance expenses and others	(1,214)	(1,164)	4
Investment result	<u>485</u>	<u>436</u>	11

The investment income excludes income arising from investment-linked insurance products and direct participating contracts.

- Note 3 The balance represents net result of revenue from investment management services and other income and other operating expense. The increase in balance is mainly contributed by increase in operating expense and Global Minimum Tax which is newly effective in 2025.

- Note 4 The balance comprise of below items which are considered not relevant to our core business and the related decision making and internal management purpose.

Short term fluctuation represents difference between current period return and long term supportable expected return of all equities and funds excluding mutual funds investment, impairment, unrealised gain or loss and profit or loss from disposal of investment, exchange fluctuation on both asset and liability and discount rate impact on liability which is affected by short term economic environment without long term economic impact on the core business.

- Note 5 Other transactions represent the impact which management considers not related to core business activities and therefore excluded from NOI for better understanding. (e.g. non-recurring other income, maintenance cost of HKFRS 17 etc.)

## Assets and Liabilities

The following table sets out the key financial information with respect to the assets and liabilities employed by the insurance division before any fair value adjustment arising from the acquisition accounting policy and intra-group eliminations.

	As at 30 June 2025 HK\$ million	As at 31 December 2024 HK\$ million
Investments (excluding unit-linked investments)	78,247	72,031
Unit-linked investments	6,010	5,663
Cash and deposits	6,499	4,895
Reinsurance contract assets	7,667	6,791
Other assets	2,850	2,684
<b>Total assets</b>	<b>101,273</b>	<b>92,064</b>
Insurance contract liabilities	77,250	69,618
Investment contract liabilities	5,094	5,096
Other liabilities	2,680	1,512
<b>Total liabilities</b>	<b>85,024</b>	<b>76,226</b>
<b>Net assets</b>	<b>16,249</b>	<b>15,838</b>
<b>Net CSM</b>	<b>9,585</b>	<b>8,219</b>
<b>Comprehensive Equity</b>	<b>25,834</b>	<b>24,057</b>

As at 30 June 2025, the investments and cash and deposits amounted to HK\$84,746 million comprised of 78% debt securities, 5% loans and receivables, 9% equity (6% is from direct participating contract) and 8% cash and deposits. Debt securities and loans and receivables are considered fixed income type of investment, representing 83% of the total investments and cash and deposits. Within the fixed income portfolio (excluding principal protected notes), 97% (31 December 2024: 97%) are investment grade rated (i.e. BBB- or above), comprised of 1% rated AAA, 21% rated AA, 42% rated A, 33% rated BBB and the remaining 3% of investments rated BB & below. The above credit ratings are referred to public credit ratings from reputable credit rating agencies or internal rating analysis with the support from external investment manager using similar credit rating methodology.

As at 30 June 2025, the total assets under management (“AUM”) of insurance business including those managed through non-consolidated entities like MPF schemes amounted to HK\$96,159 million (31 December 2024: HK\$88,379 million).

## Investments analysis

The tables below further sets forth the asset allocation of the fixed income and equity portfolio of the insurance division by (i) geography and (ii) sector.

### By geography

Rank	Geography (Note 1)	% of Total
1	United States	78.3%
2	China, Hong Kong and Macao	5.1%
3	Australia	2.0%
4	Canada	2.0%
5	Chile	2.0%
6	Indonesia	1.0%
7	Mexico	0.9%
8	France	0.8%
9	United Kingdom	0.7%
10	Netherlands	0.7%
11	Saudi Arabia	0.6%
12	Switzerland	0.5%
13	Thailand	0.4%
14	Japan	0.4%
15	Diversified (Note 2)	2.2%
16	Others (Note 3)	2.4%
	Total (Note 4)	100%

### By sector

Rank	Sector (Note 1)	% of Total
1	Electric	12.7%
2	Consumer Non-Cyclical	12.4%
3	Energy	9.3%
4	Insurance	7.4%
5	Technology	6.2%
6	Commercial Mortgage	5.9%
7	Treasury	5.5%
8	Consumer Cyclical	5.2%
9	REITs	4.5%
10	Capital Goods	4.4%
11	Basic Industry	4.3%
12	Banking	4.3%
13	Transportation	4.3%
14	Communications	3.5%
15	Brokerage, Asset Managers & Ex	3.2%
16	Natural Gas	1.5%
17	Non-Agency CMBS	1.1%
18	Government Owned No Guarantee	1.0%
19	Others (Note 5)	3.5%
	Total (Note 4)	100%

#### Notes:

- Unit-linked investments are excluded. By geography, exposures include fixed income portfolio and equities (excluding exchange traded funds). By industry sector, exposures include fixed income portfolio (excluding principal protected notes).
- Diversified includes alternative fund exposures.
- Others represent 22 countries/regions.
- Due to rounding, numbers presented in the table may not add up precisely.
- Others represent a total of 12 industries.

## Investment assets

The table below sets forth the asset allocation of the investment portfolio of the insurance division which the Group uses to monitor the performance of the investment portfolio. The debt securities and loans and receivables were reported at cost less accumulated amortisation and accumulated impairment before expected credit loss while equity securities and unit trusts were reported at fair value.

	<i>As at</i> <i>30 June</i> <i>2025</i> HK\$ million	<i>As at</i> <i>31 December</i> <i>2024</i> HK\$ million
<b><u>General investment and surplus assets</u></b>		
Debt securities	65,511	62,834
Loans and receivables	4,072	4,317
Equity securities	2,719	2,590
Cash for investment	2,470	1,948
	<u>74,772</u>	<u>71,689</u>
<b><u>Direct participating contracts</u></b>		
Debt securities	6,430	4,413
Equity securities	4,792	3,366
Cash for investment	680	859
	<u>11,902</u>	<u>8,638</u>
<b><u>Unit-linked</u></b>		
Equity securities	6,010	5,663
	<u>92,684</u>	<u>85,990</u>

The annualised fixed income (interest income) yield\* increases gradually from 4.4% in the First half of 2024 to 4.5% in the First half of 2025. The annualised total investment return# including return for equities increases from 4.5% in the First half of 2024 to 4.6% in the First half of 2025.

\* The annualised fixed income yield is calculated as interest income divided by the average amount of debt securities and loans and receivables (excluding principal protected notes) under general investment and surplus assets over six months period ended 30 June.

# The annualised total investment return is calculated as interest income and others and investment return for equities, divided by the average amount of investment assets and general investment and surplus assets over six months period ended 30 June.

## Insurance contract liabilities and reinsurance contract assets

The liability (or asset) recognized for a group of insurance and reinsurance contracts is measured as the sum of the fulfilment cashflow, cashflows arise as the Group fulfils the contracts and CSM presenting the unearned profit that the Group will recognize as it provides insurance coverage in the future. The table below sets forth the related information.

	<i>As at</i> <i>30 June</i> <i>2025</i> HK\$ million	%	<i>As at</i> <i>31 December</i> <i>2024</i> HK\$ million	%
Fulfilment cashflow	59,998	86	54,608	87
Net CSM	9,585	14	8,219	13
	<hr/>		<hr/>	
Net balance	69,583	100	62,827	100
	<hr/>		<hr/>	
Comprised of:				
Insurance contract liabilities	77,250		69,618	
Reinsurance contract assets	(7,667)		(6,791)	
	<hr/>		<hr/>	
	69,583		62,827	
	<hr/>		<hr/>	

## Insurance contract liabilities and reinsurance contract assets *(continued)*

The table below sets forth the net CSM roll forward which provides information on the economic impact of changes during the Period to understand the performance of our business in terms of future profitability and contribution to current year financial performance to align with NOI performance management purpose. The net CSM has grown by 17% from HK\$8,219 million as of 31 December 2024 to HK\$9,585 million due to new business generated and more favorable experiences.

	<i>Notes</i>	<i>2025</i> HK\$ million
Net CSM as at 1 January		8,219
New business CSM	a	567
Expected unwind	b	91
Economic variances	c	521
Experience variances	d	503
Exchange rate impact		54
CSM release	e	(370)
Net CSM as at 30 June		<u>9,585</u>

### Note

- a) It represents the effect of new contracts brought to CSM for the period.
- b) It represents the effect of interest accreted on CSM which is measured at the discount rate at initial recognition for insurance contract portfolio applying the general measurement model.
- c) It represents the impact of economic variance and assumption change. Economic variance and assumption change mainly related to financial related adjustment including underlying market price change.
- d) It represents the effect of experience adjustments from 1) arising from premiums received in the period, including any related cash flows such as insurance acquisition cash flows that relate to future service, 2) changes in estimates of the present value of future cashflow of liabilities of remaining coverage, 3) difference between any investment component expected to become payable and the actual amount becomes payable in the period, 4) change of risk adjustment for non-financial risk that related to the future service.
- e) The release of net CSM is based on coverage units, a function of quantity of benefit provided and expected coverage period, provided for the period of the group of contracts. The CSM release throughout 2025 remains stable compared with 2024.

## Comprehensive Equity Movement

The table below sets forth the movement in comprehensive equity which is the total of net assets and net CSM. Comprehensive equity represents the aggregate value of historical profit and future profitability from in-force business net of cumulative returns to shareholders.

The comprehensive equity has grown by 7% from HK\$24,057 million as of 31 December 2024 to HK\$25,834 million due to strong new business generated and more favorable experiences.

	2025 HK\$ million	2024 HK\$ million
Balance as at 1 January	24,057	23,568
Net profit for the period	916	972
Exchange reserve movement and net deferred tax impact in reserves	158	(16)
Net fair value reserve and other movement ( <i>Note 1</i> )	1,003	(467)
Dividend repatriation	(300)	-
Balance as at 30 June / 31 December	<u>25,834</u>	<u>24,057</u>

Note 1: Net fair value reserve movement included the net insurance finance reserve movement recognised in other comprehensive income. Net CSM movement is included in other movement.



## Key operational data of the insurance division

The table below sets forth certain other key operational data of the insurance division.

	<i>As at 30 June 2025</i>	<i>As at 31 December 2024</i>
Number of employees		
- <i>Hong Kong</i>	495	508
- <i>Macao</i>	39	37
- <i>PRC</i>	9	-
Number of tied agents		
- <i>Hong Kong</i>	2,099	2,155
- <i>Macao</i>	692	824
Number of brokers and non-tied agents	526	518
Number of bancassurance partners	7	7
Expenses ratio (Note 1)	7.2%	8.5%

*Note:*

1. Expenses ratio is operating expenses expressed as a percentage of total weighted premium income.

## Financial strength and solvency margin

During the period ended 30 June 2025, our insurance business has strictly adhered to the regulatory minimum capital requirement as determined at the relevant time in accordance with the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong) ("IO") and maintain sufficient available capital for operation purpose.

The solvency ratio of YF Life as at 30 June 2025 is assessed and calculated to be at 225%, which is higher than the regulatory minimum solvency ratio requirement of 100%.

## Historical performance review of insurance business

During the years from 2018 to 2024, insurance business has recorded a compound annual growth of 9% in TPI, 16% in APE, 5% in VNB and 6% in EV respectively. Please see the tables below for the related data.

### APE

	2018	2019	2020	2021	2022	2023	2024
HK\$ million							
Hong Kong	877	1,412	874	972	896	2,094	2,486
Macao	218	890	1,402	1,736	1,694	668	250
	<u>1,095</u>	<u>2,302</u>	<u>2,276</u>	<u>2,708</u>	<u>2,590</u>	<u>2,762</u>	<u>2,736</u>

### TPI

	2018	2019	2020	2021	2022	2023	2024
HK\$ million							
Hong Kong	6,350	7,007	7,179	7,024	6,978	7,969	9,343
Macao	1,106	1,874	3,150	4,123	4,468	3,954	3,040
	<u>7,456</u>	<u>8,881</u>	<u>10,329</u>	<u>11,147</u>	<u>11,446</u>	<u>11,923</u>	<u>12,383</u>

### VNB

	2018	2019	2020	2021	2022	2023	2024
HK\$ million							
VNB	<u>508</u>	<u>523</u>	<u>541</u>	<u>680</u>	<u>758</u>	<u>1,009</u>	<u>685</u>

### EV

	2018	2019	2020	2021	2022	2023	2024
HK\$ million							
EV	<u>15,131</u>	<u>16,351</u>	<u>15,736</u>	<u>18,061</u>	<u>20,587</u>	<u>20,718</u>	<u>21,089</u>

## Historical performance review of insurance business *(continued)*

### Total Equity

	2018	2019	2020	2021	2022	2023	2024
HK\$ million							
Before adoption of HKFRS17	10,203	12,866	14,757	15,834	N/A	N/A	N/A
After adoption of HKFRS17	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>15,873</u>	<u>16,344</u>	<u>15,838</u>

### Solvency

	2018	2019	2020	2021	2022	2023	2024
%							
Solvency ratio (Note 1)	<u>305%</u>	<u>326%</u>	<u>288%</u>	<u>281%</u>	<u>247%</u>	<u>292%</u>	<u>245%</u>

Note 1: The solvency ratios from 2018 to 2023 are based on rule-based capital adequacy framework under the IO. The solvency ratio in 2024 is based on Hong Kong Risk-based Capital regime which was effective on 1 July 2024 under the IO

## Other financial service business

During the Period, securities business and the financial technology business continued to promote the Company's strategic adjustments, accelerated system optimisation and reduced overall costs.

## Prospect

Looking ahead to the second half of the year, building upon its existing insurance and fintech businesses, the Group will strategically expand into frontier areas including Web3, Real World Assets, digital currency, ESG Net Zero Assets and artificial intelligence ("AI"). The Group will explore innovative integrations of these frontier areas connected with various application scenarios in the insurance business, expand the market size and influence of YF Life.

The Group has planned to enter the new era of Web3, the licensed securities companies of the Group has applied to the Securities & Futures Commission of Hong Kong for an upgrade to Type 1, 4, and 9 licenses. Upon approval, we will be able to offer comprehensive virtual asset-related trading services and manage virtual asset investment portfolios to meet the needs of institutional investors, high net worth individuals and retail investments. The Group will continue to actively participate in and lead technological transformations, further optimise the Group's financial position and enhance long-term shareholders' value and returns.

## **Liquidity and financial resources**

As at 30 June 2025, the Group had fixed bank deposits with original maturity over 3 months and cash and cash equivalents amounting to HK\$7,350 million (31 December 2024: HK\$5,603 million). As at 30 June 2025, the Group has HK\$1,384 million (31 December 2024: HK\$1,385 million) bank borrowing outstanding and HK\$1,641 million (31 December 2024: HK\$1,641 million) shareholder's loan outstanding. The Group's gearing ratio was 15.76% (31 December 2024: 16.16%), which was measured as total debt excluding those operation related liabilities to total debt excluding those operation related liabilities plus equity.

## **Capital structure**

Details of movements in share capital of the Company during the Period are set out in the statement of changes in equity to the condensed consolidated interim financial statements.

## **Foreign exchange risk**

The Group has assets and liabilities denominated in currencies other than Hong Kong dollar and that are subject to fluctuation in foreign exchange amounts in the different currencies. The Group is exposed to currency risk arising from various currency exposures mainly to the extent of its investments and bank balances in multi currencies. Management of the Group monitors the foreign exchange exposure and will hedge significant foreign currency exposure should the need arise as set out in note 4 to the condensed consolidated interim financial statements.

## **Material acquisitions and disposals of subsidiaries and associates**

The Group did not have any material acquisitions or disposals of subsidiaries and associates during the Period.

## **Charges on assets**

At the end of the Period, the Group did not have any charges on assets, other than security deposits of HK\$9,749,000 (31 December 2024: HK\$22,415,000) for banking facilities, HK\$20,543,990,000 of investments together with HK\$998,823,000 of fixed bank deposits (31 December 2024: HK\$20,188,874,000 of investments together with HK\$965,904,000 of fixed bank deposits) in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

## **Commitments**

Details of commitments are set out in note 30 to the condensed consolidated interim financial statements.

## **Contingent liabilities**

The Group did not have any significant contingent liabilities as at 30 June 2025 and 31 December 2024.

## Staffing and remuneration

As at 30 June 2025, the Group employed 607 (31 December 2024: 626) full-time employees mainly located in Hong Kong, Macao and the People's Republic of China and stringently abided by the relevant labour laws and regulations. To foster a motivated and skilled working team, the Group provides on-the-job training and competitive remuneration packages including salaries and discretionary bonuses for employees.

The remuneration policy and package, including the share options and share awards (if any), of the Group's employees are maintained at market level and are reviewed annually by the management. There have been no significant changes in the employment, training or development policies of the Group since the publication of the annual report for the year ended 31 December 2024.

## Dividend

The board did not declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## Use of proceeds from issue of subscription shares

As disclosed in the circular of the Company dated 21 September 2020 ("Circular"), the Company entered into subscription agreements on 7 September 2020 with (1) Jade Passion Limited ("Jade Passion") in relation to the subscription of 484,665,279 ordinary shares of the Company at the subscription price of HK\$3.17 and (2) MassMutual International LLC in relation to the subscription of 160,000,000 ordinary shares of the Company at the subscription price of HK\$3.17 (together refer to "Issue"). The total gross proceeds for the Issue was HK\$2,043,588,934 and the net proceeds was HK\$2,040,588,934.

As set out in the announcement of the Company dated 12 November 2021, there was subsequent update in use of proceeds which the Company intends to temporarily deploy in full or any part of the Unutilised Proceeds in Strategic Investment to investments in medium term investments with investment horizon of around 1 to 3 years including (i) debt instruments such as bonds, debenture, notes and convertible notes, (ii) investments in private equity and (iii) exchange traded funds and hedge funds, and other fund investments types which terms are compatible with Company's investment strategy.

As set out in the announcement of the Company dated 21 June 2024 ("2024 Announcement"), there was subsequent update in use of proceeds which the Company change the use of Unutilised Proceeds in Strategic Investment so that (i) HK\$ 724.6 million is re-allocated towards funding the Group's business activity in principal investment, of which HK\$509.4 million had been temporarily deployed to medium term investments deemed as fully utilised, and (ii) the remaining HK\$500 million will be re-allocated as general working capital of the Group.

## Use of proceeds from issue of subscription shares (continued)

The table below sets out the actual application of net proceeds of the Issue up to 30 June 2025:

	<i>Initial allocation of net proceeds as stated in the Circular</i> HK\$ million	<i>Unutilised proceeds up to 31 December 2024</i> HK\$ million	<i>Actual usage from 1 January 2025 to 30 June 2025</i> HK\$ million	<i>Unutilised proceeds as at 30 June 2025</i> HK\$ million	<i>Expected timeline for utilising the remaining net proceeds</i>
Strategic investment	1,224.6	-	-	-	-
Asset management business	306.1	-	-	-	-
Securities brokerage business	306.2	-	-	-	-
Working Capital (note 1)	204.1	400.0	(84.2)	315.8	Expected to be fully utilised on or before 31 December 2027
Principal Investment (note 2)	-	111.5	(53.4)	58.1	Expected to be fully utilised on or before 31 December 2027
Total	<u>2,041.0</u>	<u>511.5</u>	<u>(137.6)</u>	<u>373.9</u>	

### Notes:

- mainly utilised on general working capital which covers expenses incurred in the ordinary course of business of the Group, including but not limited to manpower, rental expenses, data license and network expenses, office equipment expenses and repayment of the Group's bank borrowings.
- mainly utilised on principal investment to make investments with a view to generate stable investment returns, which is consistent with the Company's Treasury Management Model.

Remark: The expected timeline of utilising the remaining proceeds is subject to significant uncertainties including but not limited to the negotiation with counterparties, market conditions and demand, global economic environment, investment sentiment and regulatory approval (if applicable) for the above purposes. The Company adopted a treasury management model that may involve (but shall not be limited to) holding fixed income instruments and high quality financial investments in order to maximise the Shareholders' interest as a whole.

## Events after reporting period

Details of events after reporting period are set out in note 33 to the condensed consolidated interim financial statements.

# Embedded Value

## 1. Background

The Group mainly consists of two major segments including life insurance business and other financial services in the areas of investment holding, securities brokerage, asset management, other businesses and corporate services. Life insurance business is operated by YF Life, a 69.8%-owned subsidiary, which is the most significant part of the Group in terms of total asset and profitability. To provide additional information of the insurance business of the Group, the Group disclosed the Embedded Value (“EV”) of the segment.

To provide investors with further information, the Group also discloses the Group Embedded Value (“Group EV”) and the Group Embedded Value Equity (“Group EV Equity”). The Group EV is defined as the Adjusted Net Worth of the other financial services segment plus the Embedded Value of YF Life. The Adjusted Net Worth of the other financial services segment is determined by the Hong Kong Financial Reporting Standards, with marked-to-market adjustments and goodwill excluded. The Group EV Equity is the total of Group EV, goodwill and intangible assets and net of relevant tax. Please note that the Group EV and the Group EV Equity calculation do not include any valuation for future new business.

## 2. Basis of preparation

We adopted a traditional deterministic discounted cash flow methodology to determine the components of Embedded Value and the Value of New Business. This methodology makes implicit allowance for the time value of options and guarantees and other risks associated with the realisation of the expected future distributable earnings through the use of a risk adjusted discount rate and is consistent with the industry practice in the market.

The Group has appointed PricewaterhouseCoopers Limited (“PwC”), an international firm of consulting actuaries, to examine whether the methodology and assumptions used by us in the preparation of the Embedded Value as at 30 June 2025 are consistent with standards generally adopted by insurance companies in Hong Kong.

### 3. Cautionary statement

The calculations of Embedded Value and the Value of New Business of insurance business segment are based on certain assumptions with respect to future experience. Thus, the actual results could differ significantly from what is envisioned when these calculations were made. In addition, the insurance business segment is held through a 69.8%-owned subsidiary of the Group. With the Embedded Value and the Value of New Business of the insurance business being presented on a 100% basis below, the related value assessment should be considered accordingly.

### 4. Group embedded value and group embedded value equity

	<i>As at 30 June 2025 HK\$ million</i>	<i>As at 31 December 2024 HK\$ million</i>
Adjusted Net Worth	16,622	15,141
Value of in-force business before cost of capital of YF Life	6,820	6,861
Cost of capital of YF Life	(2,875)	(2,711)
	<hr/>	<hr/>
Group EV	20,567	19,291
Goodwill and intangible assets, net of relevant tax	1,875	1,875
	<hr/>	<hr/>
Group EV Equity	22,442	21,166
	<hr/>	<hr/>
Attributable to:		
Owners of the Company	15,143	14,232
Non-controlling interests	7,299	6,934
	<hr/>	<hr/>
Group EV Equity	22,442	21,166
	<hr/>	<hr/>



## 5. Embedded value of YF Life

### 5.1 Embedded value

	<i>As at 30 June 2025 HK\$ million</i>	<i>As at 31 December 2024 HK\$ million</i>
Adjusted Net Worth	18,350	16,939
Value of in-force business before cost of capital	6,820	6,861
Cost of capital	(2,875)	(2,711)
Embedded value	<u>22,295</u>	<u>21,089</u>
Attributable to:		
Owners of the Company	15,562	14,720
Non-controlling interests	6,733	6,369
Embedded value	<u>22,295</u>	<u>21,089</u>

### 5.2 Value of new business

	<i>For the past 6 months as of 30 June 2025 HK\$ million</i>	<i>For the past 6 months as of 30 June 2024 HK\$ million</i>
Value of New Business before cost of capital	687	400
Cost of capital	(80)	(64)
Value of New Business after cost of capital	<u>607</u>	<u>336</u>

## Other Information

### **Directors' and chief executives' interests and/or short positions in the shares, underlying shares and debentures of the company or any associated corporations**

As at 30 June 2025, the interests and short positions of each director of Yunfeng Financial Group Limited (the "Company") (the "Director") and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, or known to the Company, were as follows:

### **Long positions in the ordinary shares of the Company ("Shares") and the underlying Shares:**

<i>Name of Director</i>	<i>Capacity/Nature of interests</i>	<i>Number of Shares held</i>	
		<i>Long position</i>	<i>Percentage of shareholding</i>
Mr. Yu Feng ( <i>Note</i> )	Held by controlled corporation/Corporate interest	1,827,641,279	47.25%

*Note:*

*Mr. Yu Feng, Chairman of the Group and a non-executive Director, is deemed to be interested in 1,827,641,279 Shares under the SFO through Jade Passion Limited ("Jade Passion"), a company of which 73.21% of its issued share capital is owned by Key Imagination Limited ("Key Imagination"). 91% of the issued share capital of Key Imagination is owned by Yunfeng Financial Holdings Limited ("YFHL"), 70.15% of the issued share capital of which in turn, is owned by Mr. Yu Feng.*

**Long positions in the shares and the underlying shares of associated corporations:**

<i>Name of Associated Corporation</i>	<i>Name of Director</i>	<i>Capacity/ Nature of Interests</i>	<i>Number of Shares held in Associated Corporation</i>	
			<i>Long position</i>	<i>Percentage of shareholding</i>
Yunfeng Financial Holdings Limited	Mr. Yu Feng	Beneficial owner/Beneficial interest	94	70.15%
Key Imagination Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation/Corporate interest	9,100	91%
	Mr. Huang Xin (Note 2)	Held by controlled corporation/Corporate interest	900	9%
Jade Passion Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation/Corporate interest	7,321	73.21%

*Note 1: Mr. Yu Feng, Chairman of the Group and a non-executive Director, was interested in 9,100 shares, representing 91% of equity interest in Key Imagination through YFHL, the substantial shareholder of the Company. Mr. Yu Feng was also interested in 7,321 shares, representing 73.21% of equity interest in Jade Passion through Key Imagination. Both Key Imagination and Jade Passion are substantial shareholders of the Company.*

*Note 2: Mr. Huang Xin, an executive Director, is the sole shareholder of Perfect Merit Limited which owns 900 shares, representing 9% of the equity interest in Key Imagination.*

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

## **Long-term incentive schemes**

The Company has adopted the share option scheme and share award schemes to recognise the contributions of certain employees or Directors and help to retain them for the Group's operations and further development.

### **Share Option Scheme**

The Company has adopted a share option scheme on 28 June 2022 (the "Share Option Scheme") which has a life of 10 years from the date of adoption.

The purpose of the Share Option Scheme is for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide it with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

As at 1 January 2025 and 30 June 2025, the total number of share options that could be granted is 386,799,167, representing approximately 10% of the total Shares in issue on the date of adoption of the Share Option Scheme (i.e. 28 June 2022) and as of the date of this announcement. Details and other principal terms of the Share Option Scheme are set out in the circular of the Company dated 2 June 2022.

During the Period, no share options had been granted, exercised, cancelled, lapsed or outstanding.

## **Long-term incentive schemes (continued)**

### **Share Award Scheme**

The Board had approved the adoption of two share award schemes on 30 October 2014 (“2014 Share Award Scheme”) and 12 December 2016 (“2016 Share Award Scheme”) respectively. The 2014 Share Award Scheme expired and was terminated on 30 October 2024. As at and after the date of termination, there were no outstanding awarded shares under the scheme, whether granted but not yet vested or otherwise.

The purposes of the above share award schemes are to (i) encourage or facilitate the holding of Shares by the selected participants; (ii) encourage and retain such individual to work with the Group; and (iii) provide additional incentive for them to achieve performance goals.

The maximum number of shares can be issued or purchased under the 2016 Share Award Scheme is 10% of the Shares in issue from time to time (i.e. 386,799,167 Shares, representing 10% of total issued Shares as at the date of this announcement). The amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2023 (“Amended Listing Rules”) require the rules of the 2016 Share Award Scheme to be amended before further grants of awards over new Shares could be made thereunder. Hence, as at 1 January 2025 and 30 June 2025, no further grants of awards over new Shares could be made under the 2016 Share Award Scheme.

### **2016 Share Award Scheme**

Since the date of adoption of the 2016 Share Award Scheme (i.e. 12 December 2016) and up to the date of this announcement, 43,040,000 Shares have been awarded pursuant to the 2016 Share Award Scheme, representing about 1.11% of the total Shares in issue as at the date of this announcement. During the Period, no Shares had been awarded under the 2016 Share Award Scheme. The movement of the Shares awarded under the 2016 Share Award Scheme during the Period and further details of the 2016 Share Award Scheme are set out in note 28 to the condensed consolidated interim financial statement.

On 28 August 2025, the Board approved the proposed adoption of the new 2025 share award scheme and termination of the 2016 Share Award Scheme (due to its expected expiry in 2026 and in light of the Amended Listing Rules) and certain proposed amendments to the Share Option Scheme, which are subject to shareholders’ approval. For further details, please refer to the Company’s announcement published on 28 August 2025.

### **Directors’ rights to acquire shares**

Save as disclosed in this announcement, at no time during the six months ended 30 June 2025 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the shares or debentures of, the Company or any other body corporate.

## Substantial shareholders' and other persons' interests in shares

As at 30 June 2025, the Company had been notified of the following substantial shareholders' and other persons' interests, being 5% or more of the Company's issued shares that are recorded in the register under Section 336 of the SFO.

Name of Substantial Shareholder	Capacity/ Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding
Mr. Yu Feng (Note 1)	Held by controlled corporation/Corporate interest	1,827,641,279	47.25%
Yunfeng Financial Holdings Limited (Note 1)	Held by controlled corporation/Corporate interest	1,827,641,279	47.25%
Key Imagination Limited (Note 1)	Held by controlled corporation/Corporate interest	1,827,641,279	47.25%
Jade Passion Limited (Note 1)	Beneficial owner/Beneficial interest	1,827,641,279	47.25%
Massachusetts Mutual Life Insurance Company (Note 2)	Held by controlled corporation/Corporate interest	960,000,000	24.82%
MassMutual International LLC (Note 2)	Beneficial owner/Beneficial interest	960,000,000	24.82%

*Note 1: Mr. Yu Feng, Chairman of the Group and a non-executive Director, is deemed to be interested in 1,827,641,279 Shares under the SFO through Jade Passion, a company of which 73.21% of its issued share capital is owned by Key Imagination. 91% of the issued share capital of Key Imagination is owned by YFHL, 70.15% of the issued share capital of which in turn, is owned by Mr. Yu Feng.*

*Note 2: Massachusetts Mutual Life Insurance Company was interested in 960,000,000 Shares through its 100% controlled corporation "MassMutual International LLC".*

Save as disclosed above, as at 30 June 2025, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under divisions 2 and 3 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

## Purchase, sale or redemption of the listed securities of the company

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **Treasury Shares**

The Company is a company incorporated in Hong Kong with limited liability and is subject to Companies Ordinance (Chapter 622 of the laws of Hong Kong) and relevant laws and regulations in Hong Kong. As at the end of 30 June 2025, the Company did not hold (or hold through CCASS or deposit in CCASS) any treasury share.

## **Corporate governance**

During the six months ended 30 June 2025, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”), as set out in Appendix C1 to the Listing Rules, save and except for the deviation of CG Code Provision C.1.5.

Code Provision C.1.5 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, to gain and develop a balanced understanding of the views of shareholders. One non-executive Director and one independence non-executive director were unable to attend the annual general meeting of the Company held on 27 June 2025 due to their other business engagements. However, there were sufficient Directors, including executive Directors, independent non-executive Directors and non-executive Directors, present to enable the Board to develop a balanced understanding of the views of the Company’s shareholders.

## **Code of conduct for securities transactions**

The Company has adopted the code of conduct regarding director’s securities transactions with terms no less exacting than the required standard set out in the Model Code. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards as stated in the Model Code throughout the six months ended 30 June 2025.

## **Audit committee**

The audit committee of the Company is chaired by Mr. Chu Chung Yue, Howard, with members of Mr. Qi Daqing and Mr. Xiao Feng. The audit committee of the Company has adopted the terms of reference which are in line with the CG Code.

This unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2025 have been reviewed by the audit committee of the Company.

## **Changes of directors’ information**

There is no change in the information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company’s 2024 annual report and up to the date of this announcement.

## **Changes in constitutional documents**

At the annual general meeting held on 27 June 2025, a special resolution was passed regarding the amendments to the articles of association of the Company. The latest version of the articles of association of the Company is posted on the websites of the Company and the Stock Exchange.

## Condensed consolidated income statement for the six months ended 30 June 2025 (unaudited) (Expressed in Hong Kong dollars)

		<i>Six months ended 30 June</i>	
	<i>Note</i>	<i>2025</i>	<i>2024</i>
		HK\$'000	HK\$'000
Insurance revenue	5	1,531,989	1,377,534
Insurance service expenses	9	(1,093,286)	(1,040,454)
Net expenses from reinsurance contracts		(29,648)	(11,429)
Insurance service result		<u>409,055</u>	<u>325,651</u>
Interest revenue calculated using the effective interest method	6	1,559,492	1,594,422
Other investment revenue	6	1,330,366	381,659
Net impairment loss on financial assets	6	(70,211)	(3,144)
Investment return		2,819,647	1,972,937
Net finance expenses from insurance contracts	6	(2,113,319)	(1,628,587)
Net finance income from reinsurance contracts	6	93,246	75,954
Movement in investment contract liabilities		(109,842)	(109,285)
Movement in in financial liabilities related to third party interests in consolidated funds		<u>1,770</u>	<u>(60)</u>
Net financial result		691,502	310,959
Revenue from investment management and other financial services	7	21,056	21,284
Other income	8	24,656	70,270
Other operating expenses	9	(126,195)	(172,653)
Other finance costs	10	(91,615)	(114,662)
Share of loss of equity-accounted investee, net of tax		(483)	(3,408)
Impairment loss on equity-accounted investee		<u>(98,909)</u>	<u>-</u>
Profit before tax		829,067	437,441
Income tax expense	11	(63,885)	(60,999)
Profit for the period		<u>765,182</u>	<u>376,442</u>



## Condensed consolidated income statement for the six months ended 30 June 2025 (unaudited) (continued)

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
Profit for the period attributable to:			
Equity shareholders of the Company		486,488	200,994
Non-controlling interests		278,694	175,448
		<u>765,182</u>	<u>376,442</u>
<b>Earnings per share attributable to equity shareholders of the Company</b>			
Basic (HK\$)	12	0.13	0.05
Diluted (HK\$)	12	<u>0.13</u>	<u>0.05</u>

The accompanying notes form part of this condensed consolidated interim financial statements.

## Condensed consolidated statement of comprehensive income for the six months ended 30 June 2025 (unaudited) (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2025 HK\$'000	2024 HK\$'000
<b>Profit for the period after taxation</b>		765,182	376,442
<b>Other comprehensive income for the period</b>			
Items that may be reclassified subsequently to profit or loss:			
Net movement in the fair value reserve during the period recognised in other comprehensive income		250,483	(1,085,964)
Net movement in hedging reserve during the period recognised in other comprehensive income		(124,272)	(113,081)
Exchange differences arising on translation of results of foreign operations		92,606	(13,434)
Net finance (expenses)/income from insurance contracts	6	(647,872)	683,544
Net finance income from reinsurance contracts	6	153,711	61,988
Net deferred tax impact recognised in other comprehensive income		76,090	13,392
<b>Total comprehensive income for the period</b>		<u>565,928</u>	<u>(77,113)</u>

Condensed consolidated statement of  
comprehensive income  
for the six months ended 30 June 2025 (unaudited)  
(continued)  
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
<b>Total comprehensive income for the period attributable to:</b>		
Equity shareholders of the Company	352,874	(117,514)
Non-controlling interests	213,054	40,401
	<u>565,928</u>	<u>(77,113)</u>

The accompanying notes form part of this condensed consolidated interim financial statements.

## Condensed consolidated statement of financial position at 30 June 2025 (unaudited) (Expressed in Hong Kong dollars)

	Note	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Assets</b>			
Property and equipment	15	583,782	608,623
Statutory deposits		5,337	5,602
Deferred tax asset		125,498	95,940
Tax recoverable		29	39
Investments in associates		34,237	118,554
Goodwill and intangible assets		1,921,212	1,920,168
Other contract asset		140,170	134,763
Investments	16	84,708,741	78,625,575
Reinsurance contract assets	20	7,667,001	6,790,716
Other accounts receivable and accrued income	17	271,280	229,572
Other receivables, deposits and prepayments	18	1,867,684	1,615,907
Bank balance - trust and segregated accounts	19	336,502	292,774
Fixed bank deposits with original maturity over 3 months	19	1,359,561	1,229,988
Cash and cash equivalents	19	5,990,759	4,373,329
		105,011,793	96,041,550
		105,011,793	96,041,550

## Condensed consolidated statement of financial position at 30 June 2025 (unaudited) (continued) (Expressed in Hong Kong dollars)

	Note	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Liabilities</b>			
Other accounts payable	22	584,023	502,841
Other payables and accrued expenses	23	2,136,715	1,224,435
Financial liabilities at fair value through profit or loss	24	589,265	718,811
Tax payable		80,612	33,071
Insurance contract liabilities	20	77,249,880	69,617,928
Investment contract liabilities	21	4,759,461	4,750,649
Lease liabilities		161,205	174,111
Deferred tax liabilities		255,782	299,885
Bank borrowings	25	1,384,362	1,384,659
Shareholder's loan	26	1,641,077	1,641,077
		<u>88,842,382</u>	<u>80,347,467</u>
<b>NET ASSETS</b>		<u>16,169,411</u>	<u>15,694,083</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	27	11,872,683	11,872,683
Reserves		<u>(1,089,150)</u>	<u>(1,442,024)</u>
		10,783,533	10,430,659
Non-controlling interests		<u>5,385,878</u>	<u>5,263,424</u>
<b>TOTAL EQUITY</b>		<u>16,169,411</u>	<u>15,694,083</u>

The accompanying notes form part of this condensed consolidated interim financial statements.

# Condensed consolidated statement of changes in equity for the six months ended 30 June 2025 (unaudited) (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company												
	Share capital HK\$'000	Shares held by share award scheme HK\$'000	Asset revaluation reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Hedging reserve HK\$'000	Exchange reserve HK\$'000	Statutory and capital reserve HK\$'000	Insurance finance reserve HK\$'000	Reinsurance finance reserve HK\$'000	Retained earnings/ (Accumulated loss) HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2024	11,872,683	(83,230)	1,538	(2,040,379)	24,731	(5,931)	67,661	2,668,269	133,669	(1,635,690)	11,003,321	5,401,748	16,405,069
Changes in equity for the six months ended 30 June 2024:													
Profit for the period	-	-	-	-	-	-	-	-	-	200,994	200,994	175,448	376,442
Other comprehensive income for the period	-	-	-	(739,838)	(78,931)	(11,681)	-	469,996	41,946	-	(318,508)	(135,047)	(453,555)
Balance at 30 June 2024 and 1 July 2024	11,872,683	(83,230)	1,538	(2,780,217)	(54,200)	(17,612)	67,661	3,138,265	175,615	(1,434,696)	10,885,807	5,442,149	16,327,956
Changes in equity for the six months ended 31 December 2024:													
Disposal of shares held by share award scheme	-	27	-	-	-	-	-	-	-	-	27	-	27
Profit for the period	-	-	-	-	-	-	-	-	-	269,794	269,794	131,335	401,129
Other comprehensive income for the period	-	-	-	(88,385)	(170,763)	(56,488)	-	(483,599)	74,266	-	(724,969)	(310,060)	(1,035,029)
Balance at 31 December 2024 and 1 January 2025	11,872,683	(83,203)	1,538	(2,868,602)	(224,963)	(74,100)	67,661	2,654,666	249,881	(1,164,902)	10,430,659	5,263,424	15,694,083
Changes in equity for the six months ended 30 June 2025:													
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(90,600)	(90,600)
Profit for the period	-	-	-	-	-	-	-	-	-	486,488	486,488	278,694	765,182
Other comprehensive income for the period	-	-	-	214,383	(86,742)	84,152	-	(442,315)	96,908	-	(133,614)	(65,640)	(199,254)
Balance at 30 June 2025	11,872,683	(83,203)	1,538	(2,654,219)	(311,705)	10,052	67,661	2,212,351	346,789	(678,414)	10,783,533	5,385,878	16,169,411

The accompanying notes form part of this condensed consolidated interim financial statements.

## Condensed consolidated statement of cash flows for the six months ended 30 June 2025 (unaudited) (Expressed in Hong Kong dollars)

	<i>Six months ended 30 June</i>	
	2025	2024
	HK\$'000	HK\$'000
<b>Net cash generated from operating activities</b>	1,984,945	834,370
Payment for purchase of property and equipment	(22,809)	(38,424)
Fixed bank deposits with original maturity over 3 months	(126,933)	85,944
Other investing activities	14	13
<b>Net cash (used in)/generated from investing activities</b>	(149,728)	47,533
Drawdown of bank borrowings	-	1,400,000
Repayment of bank borrowings	-	(1,400,000)
Payment made for redemption of preference shares by a subsidiary	(10,429)	(67,227)
Policyholders' account deposits related to investment contracts	115,542	76,842
Policyholders' account withdrawals related to investment contracts	(178,639)	(164,994)
Dividends paid to non-controlling interest by a subsidiary	(90,600)	-
Other financing activities	(95,491)	(134,269)
<b>Net cash used in financing activities</b>	(259,617)	(289,648)
<b>Net increase in cash and cash equivalents</b>	1,575,600	592,255
Cash and cash equivalents at 1 January	4,373,329	3,973,788
Effect of foreign exchange rate changes	41,830	(1,145)
<b>Cash and cash equivalents at 30 June</b>	5,990,759	4,564,898

The accompanying notes form part of this condensed consolidated interim financial statements.

# Notes to the condensed consolidated interim financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 General information

Yunfeng Financial Group Limited (the “Company”) is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is Rooms 1803-1806, 18th Floor, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong. The condensed consolidated interim financial statements for the period ended 30 June 2025 comprises the Company and its subsidiaries (collectively the “Group”) and the Group’s interest in associates and a joint venture.

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company’s audit committee and the Company’s independent auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial statements has been approved for issuance by the Board on 28 August 2025.

The financial information relating to the financial year ended 31 December 2024 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.



## **2 Basis of preparation**

### **(a) Statement of compliance**

The condensed consolidated interim financial statements for the six months ended 30 June 2025 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the HKICPA. The condensed consolidated interim financial statements should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### **(b) Basis of measurement**

The measurement basis used in the preparation of the condensed consolidated interim financial statements is the historical cost basis except that 1) investments in certain debt and equity securities and derivative financial instruments are stated at their fair values, and 2) insurance and reinsurance contracts are based on fulfilment cash flows and, if any, the contractual services margin (“CSM”).

The condensed consolidated interim financial statements is presented in Hong Kong dollars (“HKD”), and all values are stated to the nearest thousand (HK\$’000s), unless otherwise stated.

### **(c) Use of estimates and judgements**

The preparation of condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2 Basis of preparation (continued)

### (d) *Determination of consolidation scope*

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

At the end of each reporting period, the Group assesses the variable returns arising from other equities and uses plenty of judgements, in combination with historical exposure to variable returns, to determine the consolidation scope.

## 3 Material accounting policies

The accounting policies applied in preparing the condensed consolidated interim financial statements are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2024, as disclosed in the annual report and financial statements for the year ended 31 December 2024.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this condensed consolidated interim financial statements for the current accounting period:

Amendments to HKAS 21	<i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>
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The adoption of the amended HKFRSs for the current accounting period has no material impacts on the condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4 Insurance and financial risk management

### (a) *Risk management objectives and policies for mitigating insurance and financial risk*

The Group operates in a business environment which is subject to various risks and uncertainties. Such risks and uncertainties can be classified into two categories, insurance risks and financial risks.

#### (i) Insurance risks

The Group manages insurance risks through prudent pricing guidelines, reinsurance and underwriting management and monitoring internal and external emerging trends and issues.

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write in order to ensure appropriate risk selection within the portfolio. Adherence to the underwriting authorities is monitored through a scheduled underwriting audit. In addition, the Group has an Underwriting Committee to establish policies and procedures to supervise and assess the insurance risks and to periodically review and monitor the overall underwriting management process. The Group also has a Claims Settlement Committee to establish policies and procedures to supervise the claims settlement policy. The committee monitors the adequacy of the Group's reserves for the settlement of claims, reviews significant claims or major events, and investigates any fraudulent claims.

The Group reinsures a portion of the risks it underwrites in order to control its exposure to losses to avoid the risk of concentration and to protect capital resources. Such transfers of risks do not relieve the Group of its primary liability and, as such, failure of reinsurers to honour their obligations could result in losses. The Group reduces this risk by evaluating the financial condition of reinsurers and monitoring for possible concentrations of credit risk. The Group has a Reinsurance Committee to establish policies and procedures to properly and regularly supervise and review proposed and existing reinsurance activities covering ceded risks to reinsurers. The committee also periodically reviews and monitors the financial stability of reinsurers.

#### (ii) Financial risks

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. These risks are limited by the Group's financial management policies and practices described below.

## 4 Insurance and financial risk management (continued)

### (1) Credit risk

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

- amounts due from issuers of debt securities;
- bank balances;
- insurance and reinsurance contract assets;
- commercial and residential mortgage loans;
- other unsecured receivables; and
- derivative financial instruments.

The Group manages its financial assets to limit credit risk by diversifying its portfolio among various security types and industry sectors. The Group has an Investment Committee to supervise and control investments and related financial matters. Investment policies and guidelines have to be approved by the committee. In addition, the committee periodically reviews investment strategies and investment performance.

At 30 June 2025, none of the Group's debt securities represented investments in asset-backed and mortgage-backed securities in the United States of America and People's Republic of China ("the PRC") which are exposed to sub-prime credit risks. The Group does not originate any residential mortgages but invests in residential mortgage loan pools which may contain mortgages of subprime credit quality. Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration and Veterans Administration guarantees.

In respect of bank balances, all of them are due from authorised institutions in Hong Kong, Macao, the PRC, the United Kingdom and the United States of America. Management periodically reviews the credit ratings of these authorised institutions.

With respect to the insurance and reinsurance contract assets, the Group is exposed to the credit risk that the amounts due under insurance and reinsurance contracts may not be paid. In respect of other loans to agents and staff, management monitors the repayment status on an ongoing basis. Other unsecured receivables mainly comprise accrued interest income on debt securities, where the credit risks are limited by the diversification of its investment portfolio as mentioned above.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the condensed consolidated statement of financial position after deducting any impairment allowance.

## 4 Insurance and financial risk management (continued)

### (2) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its life insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due. The Group manages this risk by setting a minimum level of liquidity cash that will be available to cover claims maturities and surrenders.

### (3) Interest rate risk

Interest rate risk is the potential for interest rates to change, which can cause fluctuations in the value of investments and in the amounts due to policyholders. To the extent that fluctuations in interest rates cause the duration of assets and liabilities to differ, the Group controls its exposure to this risk by, among other things, asset and liability matching techniques that account for the cash flow characteristics of the assets and liabilities.

### (4) Currency risk

The Group's currency exchange risk is mainly related to certain policies that are not written in the United States dollars. However, most of the policies are denominated in the United States dollars. As the Group's investments are primarily made in the United States dollars, coupled with the fact that the Hong Kong dollars are pegged to the United States dollars, management does not believe that the currency risk is material. For investments made in non-United States dollars, the Group mitigates currency risk through the use of cross-currency swaps and forward contracts. Cross-currency swaps are used to minimise currency risk for certain non-United States dollar assets and liabilities through a prespecified exchange of interest and principal. Forward contracts are used to hedge movements in exchange rates.

### (5) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss held by the Group. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are recognised in the condensed consolidated income statement.

The portfolio of unit trusts backing linked insurance contracts, which the Group carries on its condensed consolidated statement of financial position at fair value, has exposure to price risk. However, such price risk is fully borne by the policyholders as the benefits payable are linked to the price of the securities.

The portfolio of unit trusts backing non-linked insurance contracts, which the Group carries on its condensed consolidated statement of financial position at fair value, also has exposure to price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

For the other investment under fair value hierarchy level 2 and 3 that is either backing linked insurance contract or those that are not related to insurance contracts, their price risk impact on the Group's profit or total equity is further analysed under Fair value measurement.

## 4 Insurance and financial risk management (continued)

### (b) Fair value measurement

#### (1) Financial assets and liabilities measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
Level 3 valuations:	Fair value measured using significant unobservable inputs

The Group has established and maintained policies and guidelines that govern its valuation methodologies and their consistent application. These policies and guidelines address the use of inputs, price source hierarchies and provide controls around the valuation processes.

These controls include appropriate review and analysis of prices against market activity or indicators for reasonableness, approval of price source changes, price overrides, methodology changes and classification of fair value hierarchy levels. The valuation policies and guidelines are reviewed and updated as appropriate.

Annually, the Group conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While the Group was not provided access to proprietary models of the vendors, the reviews have included on-site walkthroughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also included an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process the Group continues to perform for each reporting period.

In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. The Group believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

## 4 Insurance and financial risk management (continued)

The Group reviews the fair value hierarchy classification at each reporting period. Overall, reclassifications between levels occur when there are changes in the observability of inputs and market activity used in the valuation of a financial asset or liability. Such reclassifications are reported as transfers between levels at the beginning of the reporting period in which the changes occur. Given the types of assets classified as Level 1 (primarily debt securities and unit trust), transfers between Level 1 and Level 2 measurement categories are expected to be infrequent. There were no such transfers during any period presented. Transfers into and out of Level 3 are summarised in the schedule of changes in Level 3 assets and liabilities.

The fair value of short-term debt instruments, maturity less than 30 days, is assumed to be equal to the book value. The Group generally uses unadjusted quotable market prices from independent brokers, when available, to determine the fair value of debt instruments with a maturity greater than 30 days.

	Fair value measurements as at 30 June 2025 categorised into			Fair value measurements as at 31 December 2024 categorised into		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement						
Assets						
Financial assets at fair value						
through profit or loss:						
- Private credit funds	-	-	129,937	-	-	139,982
- Listed equity	253,362	-	-	722,216	-	-
- Unlisted equity and other securities	-	-	3,801,481	-	-	3,069,976
- Leveraged and structured note investment	36,559	7,793,451	130,657	36,040	6,022,482	129,707
- Unit trust	4,020,563	6,187,261	698,801	2,696,187	5,821,025	667,566
- Interest in a joint venture	-	-	95,504	-	-	106,084
- Mutual fund	-	313	-	-	304	-
Financial asset at fair value through other comprehensive income						
- Debt securities	2,301,668	20,028,440	3,378,320	2,281,835	18,519,374	3,367,315
Derivative financial instruments						
- Currency swaps	-	107,932	-	-	121,966	-
- Forward contracts	-	815	-	-	8,274	-
- Bond forward	-	-	-	-	-	-
Liabilities						
Derivative financial instruments						
- Currency swaps	-	(81,435)	-	-	(18,353)	-
- Forward contracts	-	(7,805)	-	-	(3,039)	-
- Collateral	-	-	-	-	(83,598)	-
- Bond forward	-	(449,431)	-	-	(320,792)	-
Non-derivative financial instruments						
- Preference share liability	-	-	-	-	-	(10,397)
- Third-party interests in consolidated funds	-	-	(50,594)	-	-	(61,122)
- Short position in listed equity	-	-	-	(221,510)	-	-
Investment contract liabilities	-	(4,551,013)	-	-	(4,557,760)	-

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 during the period (For the six months ended 30 June 2024: there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 during the period). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### 4 Insurance and financial risk management (continued)

*Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those insurance contract related assets and liabilities*

The Group determines the estimated fair value of its investments using primarily the market approach or the income approach. The use of quoted prices for identical assets and matrix pricing or other similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach. The Group attempts to maximise the use of observable inputs and minimise the use of unobservable inputs in selecting whether the market or the income approach is used.

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts. For the periods presented, there were no significant changes to the Group's valuation techniques.

For level 2 debt securities, valuations are based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques using standard market observable inputs such as the benchmark U.S. Treasury yield curve, the spreads versus the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

For level 2 corporate securities, valuations are based primarily on quoted prices in markets that are not active, broker quotes or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads versus benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities.

For level 2 unit trusts and equity securities, valuations are based on quoted market prices adjusted for certain factors, such as foreign market differential.

For level 2 derivative financial instrument, observable significant inputs to the valuation of derivative financial instruments include Overnight Indexed Swap basis curves, interest rate volatility, swap yield curve, currency spot rates, cross currency basis curves and dividend yield curves.



## 4 Insurance and financial risk management (continued)

### Information about Level 3 fair value measurements

	Valuation techniques HK\$'000	Significant unobservable inputs HK\$'000	Range		Weighted average HK\$'000
			Min HK\$'000	Max HK\$'000	
Financial assets:					
Financial asset at fair value through profit or loss					
- Partnership investment	Net asset value	Net asset value	NA	NA	NA
- Unit trusts	Net asset value	Net asset value	NA	NA	NA
Financial asset at fair value through other comprehensive income:					
- Corporate securities	Matrix pricing and DCF	Credit spread	80BPS (31 December 2024: 59BPS)	350BPS (31 December 2024: 360BPS)	137BPS (31 December 2024: 133BPS)

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for the more significant Level 3 insurance contract related asset and liability classes is as follows:

*Partnership interest* - The fair value estimation is based on the net asset value attributable to the Group determined by the respective fund managers. If such net asset value attributable to the Group is not yet readily available, adjustments to the fair value of the funds are made based on the latest net asset value with adjustments based on subsequent contribution made and distribution received by the Group. As at 30 June 2025, it is estimated that with all other variables held constant, an increase/decrease in net asset value by 10% would have increased/decreased the Group's profit or loss by HK\$366,929,000 (31 December 2024: HK\$293,999,000).

*Unit trusts* - The fair value estimation is based on the net asset value attributable to the Group determined by the respective fund managers. At 30 June 2025, for the fair value sensitivity analysis of unit trusts classified as Level 3, it is estimated that with all other variables held constant, a decrease/increase in net asset value by 10% would have decreased/increased the Group's profit or loss by HK\$69,880,000 (31 December 2024: HK\$66,757,000).

## 4 Insurance and financial risk management (continued)

*Corporate securities* - Internally-priced corporate securities classified in Level 3 include certain below investment grade watch list and distressed fixed maturity securities. For securities where discounted cash flows are used, the primary unobservable input is the internally-developed discount rate. Significant increases in the discount rate would result in a significantly lower fair value, with the opposite being true for decreases in the discount rate. In certain cases, the Group uses an estimated liquidation value of the borrower or underlying assets. The Group also applies market comparables, such as earnings before interest, taxes, depreciation and amortisation (EBITDA) multiples for certain securities. In isolation, an increase in the value of these inputs would result in an increase in fair value, with the opposite being true for decreases in the value of these inputs. As at 30 June 2025, it is estimated that with all other variables held constant, a decrease/increase in credit spread by 100 BPS would have increased/decreased the Group's profit or loss and other comprehensive income by HK\$4,007,000 and HK\$229,776,000 respectively (31 December 2024: HK\$4,175,000 and HK\$230,739,000 respectively).

*Valuation techniques and inputs used in Level 3 fair value measurements for those non-insurance contract related assets and liabilities*

Information about Level 3 investment

Unlisted investment measured at fair value through profit or loss	Valuation technique	Significant unobservable inputs
Private credit funds and interest in a joint venture	Net asset value	Net asset value
Unlisted equity	Market approach	Applied multiples, marketability discount
Third-party interests in consolidated funds	Net asset value	Net asset value

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for those non-insurance contract related level 3 asset and liability classes is as follows:

*Fund investments* - the fair value of private debt securities investment fund and interest in a joint venture holding is based on the net asset value attributable to the Group determined by the respective fund managers. If such net asset value attributable to the Group is not yet readily available, adjustments to the fair value of the funds are made based on the latest net asset value with adjustments based on subsequent contribution made and distribution received by the Group.

#### 4 Insurance and financial risk management (continued)

Credit link obligation note investment - the fair value based on valuation model and price quote provided by the arranger of the note with ongoing monitoring of our investment committee and risk management team in conjunction with additional information compiled by portfolio manager including performance and covenant compliance information as provided by the independent trustee.

Unlisted equity - the fair value based on market approach valuation model based on the applied EBITDA multiples of comparable public companies and marketability discount to estimate the fair value of the unlisted equity.

Preference share liabilities and third parties interest in consolidated funds - the fair value of the financial liabilities are determined mainly based on the fair value of the fund investments and credit linked obligation as the principal investment of the consolidated funds and the effective interest of the third parties in those consolidated funds.

	<u>30 June 2025</u>		<u>31 December 2024</u>	
	%	<i>Effect on profit after tax and retained profit HK\$'000</i>	%	<i>Effect on profit after tax and retained profit HK\$'000</i>
Change in the relevant equity price risk variable:				
Unlisted equity				
Increase	3	409	3	466
Decrease	(3)	(512)	(3)	(570)
Joint controlled entity				
Increase	10	9,550	10	10,608
Decrease	(10)	(9,550)	(10)	(10,608)
Private credit funds				
Increase	10	12,994	10	13,998
Decrease	(10)	(12,994)	(10)	(13,998)
Third party interest in consolidated fund				
Increase	10	(4,458)	10	(4,803)
Decrease	(10)	4,458	(10)	4,803

#### 4 Insurance and financial risk management (continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

##### ***Financial assets at fair value through profit or loss***

	2025 HK\$'000	2024 HK\$'000
At 1 January	4,113,315	3,821,096
Purchase/capital injection	563,244	216,351
Settlement on disposal and redemption of products	(110,437)	(277,689)
Net realised gain to profit or loss	60,846	72,549
Net unrealised gain/(loss) to profit or loss	185,641	(138,125)
Exchange alignment	43,771	4,260
	<hr/>	<hr/>
At 30 June	4,856,380	3,698,442

##### ***Financial assets at fair value through other comprehensive income (debt and equity securities)***

	2025 HK\$'000	2024 HK\$'000
At 1 January	3,367,315	3,734,145
Purchase	81,837	72,117
Settlements	(176,846)	(172,729)
Net realised loss to profit or loss	(18,756)	(60,886)
Net unrealised gain/(loss) to other comprehensive income	87,451	(16,480)
Exchange alignment	37,319	(2,129)
	<hr/>	<hr/>
At 30 June	3,378,320	3,554,038

##### ***Financial liabilities at fair value through profit or loss***

	2025 HK\$'000	2024 HK\$'000
At 1 January	71,519	220,361
Share redeemed	(10,428)	(67,163)
Distribution to third party investor	(10,529)	(38,297)
Fair value change	32	116
	<hr/>	<hr/>
At 30 June	50,594	115,017

## 4 Insurance and financial risk management (continued)

### (2) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2024 and 30 June 2025 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	2025		Fair value measurements as at 30 June 2025 categorised into		
	Carrying amount HK\$'000	Fair value HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Debt securities	31,726,004	29,128,009	2,407,811	25,498,604	1,221,594
Loans and receivables	4,017,673	3,780,022	-	-	3,780,022

	2024		Fair value measurements as at 31 December 2024 categorised into		
	Carrying amount HK\$'000	Fair value HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Debt securities	30,658,106	27,723,602	2,251,030	24,212,130	1,260,442
Loans and receivables	4,257,136	3,929,820	-	-	3,929,820

Loans and receivables - The fair value of loans and receivables is established using a discounted cash flow method based on credit rating, maturity and future income. The fair value for impaired loans and receivables is based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. A significant increase/(decrease) in the discount rate would result in a significant decrease/(increase) to the fair value.

## 5 Insurance revenue

	Six months ended 30 June 2025 HK\$'000	Six months ended 30 June 2024 HK\$'000
<b>Contract not measured under PAA</b>		
Amounts relating to changes in liabilities for remaining coverage		
- CSM recognised for services provided	386,774	348,901
- Change in risk adjustment for non-financial risk for risk expired	1,916	(12,392)
- Expected incurred claims and other insurance service expenses	532,978	472,768
Recovery of insurance acquisition cash flows	432,275	387,410
	1,353,943	1,196,687
<b>Contract measured under PAA</b>	178,046	180,847
	1,531,989	1,377,534

## 6 Net financial result

The following table analyses the Group's net financial result in profit or loss and other comprehensive income.

	Six months ended 30 June 2025 HK\$'000	Six months ended 30 June 2024 HK\$'000
<b>Investment return</b>		
Interest revenue calculated using the effective interest method	1,559,492	1,594,422
Other investment revenue	1,330,366	381,659
Net impairment loss on financial assets	(70,211)	(3,144)
Investment-related amounts recognised in other comprehensive income	126,211	(1,199,045)
Total investment return	2,945,858	773,892
<b>Net finance expenses from insurance contracts</b>		
Change in fair value of underlying items	(1,130,590)	(460,929)
Interest accreted	(1,193,001)	(1,229,939)
Effect of changes in interest rates and other financial assumptions	(1,098,252)	811,698
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	351,496	(55,138)
Net foreign exchange gain/(loss)	309,156	(10,735)
Total net finance expenses from insurance contracts	(2,761,191)	(945,043)
<b>Net finance income from reinsurance contracts</b>		
Interest accreted	184,297	141,370
Others	62,660	(3,428)
Total net finance income from reinsurance contracts	246,957	137,942
Movement in investment contract liabilities	(109,842)	(109,285)
Movement in third party interests consolidated funds	1,770	(60)
Net financial results	323,552	(142,554)
Represented by		
Amounts recognised in profit or loss	691,502	310,959
Amounts recognised in other comprehensive income	(367,950)	(453,513)
	323,552	(142,554)
<b>Insurance finance income and expenses</b>		
Net finance expenses from insurance contracts		
Amounts recognised in profit or loss	(2,113,319)	(1,628,587)
Amounts recognised in other comprehensive income	(647,872)	683,544
	(2,761,191)	(945,043)
<b>Net finance income from reinsurance contracts</b>		
Amounts recognised in profit or loss	93,246	75,954
Amounts recognised in other comprehensive income	153,711	61,988
	246,957	137,942

## 6 Net financial result (continued)

### ***Interest revenue calculated using the effective interest method, other investment revenue and net impairment loss on financial assets***

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Related to insurance business		
Interest income from unlisted debt securities and loans and receivables	1,627,740	1,496,864
Bank and other interest income	75,935	74,470
Net realised gain on disposal of securities measured at fair value through profit or loss	124,364	4,351
Net unrealised gain on financial asset and financial liabilities measured at fair value through profit or loss	939,951	360,599
Net realised (loss)/gain on fair value through other comprehensive income and amortised cost debt securities	(13,880)	13,021
Impairment loss of amortised cost debt securities	(28,153)	(5,492)
Impairment (loss)/reversal of impairment loss of fair value through other comprehensive income debt securities	(42,058)	2,348
Dividend income	191,010	155,629
Net derivative loss	(159,009)	(97,491)
Investment incentive rebate	896	799
Other income	6,711	2,122
	<u>2,723,507</u>	<u>2,007,220</u>

The realised gain on disposal of securities measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost was HK\$172,295,000 (30 June 2024: HK\$114,683,000) during the period, which are related to insurance contracts with direct participation features (i.e. measured under the variable fee approach).

## 6 Net financial result (continued)

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	HK\$'000	HK\$'000
Related to other financial services		
Bank and other interest income	13,303	22,844
Interest income from unlisted debt securities and loans and receivables	1,919	244
Net realised gain on disposal of securities measured at fair value through profit or loss	72,498	48,565
Net unrealised gain/(loss) on financial asset and financial liabilities measured at fair value through profit or loss	13,818	(114,492)
Dividend income	15,478	9,384
Net derivative loss	(20,876)	(828)
	<u>96,140</u>	<u>(34,283)</u>

## 7 Revenue from investment management and other financial services

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	HK\$'000	HK\$'000
Brokerage commission, interest and other service income	8,530	8,399
Subscription, management and rebate fee income	2,238	1,883
Management fee for investment contracts	10,288	11,002
	<u>21,056</u>	<u>21,284</u>

## 8 Other income

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	HK\$'000	HK\$'000
Trustee fee income	2,802	18,830
Government subsidies (Note)	6,255	36,740
Other income	15,599	14,700
	<u>24,656</u>	<u>70,270</u>

Note: The balance mainly represents the financial incentive offered by the Mandatory Provident Fund Schemes Authority to the first trustee to get onboard the eMPF Platform, an electronic MPF administration and management platform.



## 9 Expenses

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	HK\$'000	HK\$'000
Claims and benefits	497,705	429,670
Fees and commissions	1,441,854	828,563
Reversal of losses and losses on onerous insurance contracts	(17,932)	21,571
Staff costs	277,626	254,994
Legal and professional costs	791	3,038
Depreciation and amortisation on property and equipment and intangible assets	96,662	98,814
Impairment loss on:		
- Other accounts receivable	108	259
- Other receivables	-	14,171
Information, data and communication expenses	10,402	11,391
Net exchange gain	(88,447)	(101)
Movement in other contract assets	(4,195)	(5,309)
Others	199,083	182,029
Amounts attributed to insurance acquisition cash flows incurred during the period	(1,655,395)	(1,045,069)
Amortisation of insurance acquisition cash flows	461,219	419,086
	<u>1,219,481</u>	<u>1,213,107</u>
Represented by		
Insurance service expenses	1,093,286	1,040,454
Other operating expenses	126,195	172,653
	<u>1,219,481</u>	<u>1,213,107</u>

## 10 Other finance costs

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	HK\$'000	HK\$'000
Bank loan interest	36,210	49,788
Interest on lease liabilities	3,587	2,862
Interest of preference share liability	77	2,721
Other interest expense	4,726	3,402
Shareholder's loan interest	47,015	55,889
	<u>91,615</u>	<u>114,662</u>

## 11 Income tax in the consolidated income statement

### (a) Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
<b>Current tax</b>		
<u>Hong Kong</u>		
Provision for the period	39,551	35,776
<u>Overseas</u>		
Provision for the period	22,219	52,938
Over-provision in respect of prior years	-	(5,927)
	<u>61,770</u>	<u>82,787</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>2,115</u>	<u>(21,788)</u>
	<u>63,885</u>	<u>60,999</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2024: 16.5%) to the six months ended 30 June 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

## **11 Income tax in the consolidated income statement (continued)**

### **(b) Pillar Two income tax**

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland and Macao.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

## **12 Earnings per share**

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2025 of HK\$486,488,000 (the profit attributable to equity shareholders for the six months ended 30 June 2024: HK\$200,994,000), and the weighted average number of shares in issue during the period ended 30 June 2025 of 3,852,570,006 (30 June 2024: 3,852,570,006).

There were no potential dilutive ordinary shares for the six months ended 30 June 2025 therefore basic earnings per share equals to diluted earnings per share (six months ended 30 June 2024: basic earnings per share equals to diluted earnings per share).

## **13 Dividend**

The Board did not declare the payment of an interim dividend in respect of six months ended 30 June 2025 (2024: Nil).

## **14 Segment reporting**

The operating segments have been determined based on the reports reviewed by the executive directors of the Company that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns different from those of other operating segments.

As disclosed in the 2024 annual report, the Group is largely dominated by the insurance business after the completion of the YF Life acquisition. As a result, management decided to streamline and regroup the operating segments. Insurance business is considered as an operating segment and other operating segments that existed prior to the acquisition are consolidated as other financial services and corporate to reflect the long term business development focus.

## 14 Segment reporting (continued)

Consequently, the Group currently has two operating segments:

- (i) Insurance business — engage in the writing of long term insurance business
- (ii) Other financial services and corporate includes
  - a) Securities brokerage - engages in securities brokerage and provision of custodian and other services;
  - b) Asset management - provision of funds and asset management services as well as financing and investing solution for clients;
  - c) Consultancy and advisory services - provision of corporate advisory, placing and underwriting advisory services to clients;
  - d) Principal investment - utilise capital 1) to provide funding on developing financial products and the funds managed by wealth management team and 2) to improve returns on the Group's capital and cash flow management based on treasury management model that may involve (but shall not be limited to) holding fixed income instruments, high quality equity instruments and other financial investments;
  - e) Financial technology - provision of technology business solution including system setup, upgrade and enhancement to clients; and
  - f) Corporate service includes central administrative and financing functions to support other operating segments.

The accounting policies of the reportable segments are the same as those followed by the Group in the last annual financial statements.

Segment revenue represents the revenue generated by each operating segment from external customers. Inter-segment revenue represents inter-segment services which were transacted with reference to the normal commercial price made to third parties at the then prevailing market prices.

Segment results represent specific operating performance of the reported segments by allocating all specific and related operating and finance costs, excluding other corporate, general administrative, and financial expenses, taxation and non-operating costs. This is the measure reported to the chief operating decision maker, at the relevant times, for the purposes of resource allocation and performance assessment.

## 14 Segment reporting (continued)

### (a) Segment revenue and results

For the period ended 30 June 2025

	<i>Insurance business HK\$'000</i>	<i>Other financial services and corporate HK\$'000</i>	<i>Total HK\$'000</i>
Insurance revenue	1,531,989	-	1,531,989
Insurance service expenses	(1,093,286)	-	(1,093,286)
Net expenses from reinsurance contracts	(29,648)	-	(29,648)
Insurance service result	409,055	-	409,055
Allocated revenue from investment management and other financial services	10,288	10,768	21,056
Revenue from external party	419,343	10,768	430,111
Inter-segment income	809	-	809
Reportable segment revenue	420,152	10,768	430,920
Allocated investment return	2,723,507	96,140	2,819,647
Net finance expenses from insurance contracts	(2,113,319)	-	(2,113,319)
Net finance income from reinsurance contracts	93,246	-	93,246
Movement in investment contract liabilities	(109,842)	-	(109,842)
Movement in financial liabilities related to third party interest in consolidated funds	-	1,770	1,770
Allocated other income	24,912	(256)	24,656
Allocated operating costs	(48,642)	(78,712)	(127,354)
Allocated finance costs	(3,316)	(5,074)	(8,390)
Share of profit of equity-accounted investees, net of tax	-	(483)	(483)
Impairment loss on equity-accounted investee	-	(98,909)	(98,909)
Reportable segment profit/(loss)	986,698	(74,756)	911,942
Elimination of inter-segment loss			350
Reportable segment profit derived from Group's external customers			912,292
Unallocated finance costs			(83,225)
Taxation			(63,885)
Profit for the period			765,182
As at 30 June 2025			
Reportable assets	100,687,111	2,444,952	103,132,063
Cash and cash equivalents and fixed bank deposits with original maturity over 3 months	6,497,695	852,625	7,350,320
Reportable liabilities	(84,657,108)	(4,171,960)	(88,829,068)
As at 31 December 2024			
Reportable assets	91,501,546	2,690,142	94,191,688
Cash and cash equivalents and fixed bank deposits with original maturity over 3 months	4,893,846	709,471	5,603,317
Reportable liabilities	(75,894,993)	(4,486,699)	(80,381,692)

## 14 Segment reporting (continued)

For the period ended 30 June 2024

	<i>Insurance business</i> HK\$'000	<i>Other financial services and corporate</i> HK\$'000	<i>Total</i> HK\$'000
Insurance revenue	1,377,534	-	1,377,534
Insurance service expenses	(1,040,454)	-	(1,040,454)
Net expenses from reinsurance contracts	(11,429)	-	(11,429)
Insurance service result	325,651	-	325,651
Allocated revenue from investment management and other financial services	11,002	10,282	21,284
Revenue from external party	336,653	10,282	346,935
Inter-segment income	834	-	834
Reportable segment revenue	337,487	10,282	347,769
Allocated investment return	2,007,220	(34,283)	1,972,937
Net finance expenses from insurance contracts	(1,628,587)	-	(1,628,587)
Net finance income from reinsurance contracts	75,954	-	75,954
Movement in investment contract liabilities	(109,285)	-	(109,285)
Movement in financial liabilities related to third party interest in consolidated funds	-	(60)	(60)
Allocated other income	69,441	829	70,270
Allocated operating costs	(107,510)	(68,177)	(175,687)
Allocated finance costs	(2,764)	(6,221)	(8,985)
Share of profit of equity-accounted investees, net of tax	-	(3,408)	(3,408)
Reportable segment profit/(loss)	641,956	(101,038)	540,918
Elimination of inter-segment loss			2,200
Reportable segment profit derived from Group's external customers			543,118
Unallocated finance costs			(105,677)
Taxation			(60,999)
Profit for the period			376,442

## 14 Segment reporting (continued)

### (b) *Geographical segment information*

The Group's customers, operation and administration are mainly located in Hong Kong and Macao. Research and development for financial technologies divisions are located in PRC.

### (c) *Information about major customers*

No customer account for more than 10% of the total revenue of the Group for the period ended 30 June 2025 and 2024.

### (d) *Net operating income*

For management decision making and internal performance management purpose, the Group refers to the adjusted net operating income representing the core business activities of the Group. Accordingly, the adjusted net operating income is derived from profit after tax adjusting for below items:

#### Insurance business segment

Short-term fluctuations in investment returns - a) difference between expected long-term distribution based on assumption applied in calculation of Embedded Value and actual distribution received and fair value through profit and loss adjustment in relation to equity and fund investment excluding mutual fund for the period/year. b) The realised gain/loss on disposal of investment and expected credit loss recorded being considered short term investment return fluctuation which is not consistent with long term investment allocation strategy.

Short-term fluctuations in discount rate impact applied to the change of fulfilment cashflow of insurance contract liability that is accounted through profit and loss, which is adjusted under net operating income to reflect the economic core business performance.

Short-term fluctuation exchange rate causes the difference between derivative instruction market to market gain/loss and net exchange impact of net asset position denominated in foreign currencies. The related impact to profit or loss is considered not relevant to management operational nor financial decision making progress.

Other items - those are considered either non-recurring in nature and/or considered by management not relevant for evaluation of core business operation result.

## 14 Segment reporting (continued)

### Other financial service segment

Investment return related to principal investment activity not related to internal performance management purpose.

Finance costs related to long term borrowings for strategic investment is considered not relevant for evaluation of core business operation result.

Staff share award/option related expenses considered not relevant for evaluation of core business operation result.

Other items - those are considered either non-recurring in nature and/or considered by management not relevant for evaluation of operation result.

	<i>For the six months period ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	HK\$'000	HK\$'000
<b>Net operating income</b>	685,800	559,800
Adjust for the following profit or loss and expenses impact:		
Insurance business		
- Short-term fluctuations in investment returns, discount rate and exchange rate including fair value adjustments and the related subsequent change of the adjustments on acquisition of YF Life	229,100	(84,900)
- Other items	(2,100)	92,800
Other financial services		
- Investment return related to principal investment activity	(64,100)	(86,800)
- Finance costs related to long term borrowings	(83,225)	(105,677)
- Other items	(293)	1,219
<b>Profit for the period</b>	<u>765,182</u>	<u>376,442</u>

## 15 Property and equipment

During the six months ended 30 June 2025, the Group acquired approximately HK\$23 million of property and equipment. Further, the Group entered into a number of lease agreements for right of use of assets and recognise the additional in ownership interests in leasehold land and building held for own use of HK\$43 million.



## 16 Investments

	<i>At fair value through other comprehensive income HK\$'000</i>	<i>At fair value through profit or loss HK\$'000</i>	<i>Amortised cost HK\$'000</i>	<i>Total HK\$'000</i>
<b>At 30 June 2025</b>				
Debt securities	25,708,428	7,960,667	31,726,004	65,395,099
Loans and receivables	-	-	4,017,673	4,017,673
	<u>25,708,428</u>	<u>7,960,667</u>	<u>35,743,677</u>	<u>69,412,772</u>
Equity securities:				
- Listed	-	253,362	-	253,362
- Unlisted	-	132,185	-	132,185
	<u>-</u>	<u>385,547</u>	<u>-</u>	<u>385,547</u>
Fund investment and others:				
- Unlisted (note (a))	-	3,895,050	-	3,895,050
	<u>-</u>	<u>3,895,050</u>	<u>-</u>	<u>3,895,050</u>
Unit trusts:				
- Unlisted	-	10,906,625	-	10,906,625
	<u>-</u>	<u>10,906,625</u>	<u>-</u>	<u>10,906,625</u>
Derivative assets	-	108,747	-	108,747
	<u>-</u>	<u>108,747</u>	<u>-</u>	<u>108,747</u>
<b>Total</b>	<u>25,708,428</u>	<u>23,256,636</u>	<u>35,743,677</u>	<u>84,708,741</u>
Market value of listed securities	-	253,362	-	253,362
	<u>-</u>	<u>253,362</u>	<u>-</u>	<u>253,362</u>

## 16 Investments (continued)

	<i>At fair value through other comprehensive income HK\$'000</i>	<i>At fair value through profit or loss HK\$'000</i>	<i>Amortised cost HK\$'000</i>	<i>Total HK\$'000</i>
<b>At 31 December 2024</b>				
Debt securities	24,168,524	6,188,229	30,658,106	61,014,859
Loans and receivables	-	-	4,257,136	4,257,136
	<u>24,168,524</u>	<u>6,188,229</u>	<u>34,915,242</u>	<u>65,271,995</u>
Equity securities:				
- Listed	-	722,216	-	722,216
- Unlisted	-	129,987	-	129,987
	<u>-</u>	<u>852,203</u>	<u>-</u>	<u>852,203</u>
Fund investment and others:				
- Unlisted (note (a))	-	3,186,359	-	3,186,359
	<u>-</u>	<u>3,186,359</u>	<u>-</u>	<u>3,186,359</u>
Unit trusts:				
- Unlisted	-	9,184,778	-	9,184,778
	<u>-</u>	<u>9,184,778</u>	<u>-</u>	<u>9,184,778</u>
Derivative assets	-	130,240	-	130,240
	<u>-</u>	<u>130,240</u>	<u>-</u>	<u>130,240</u>
<b>Total</b>	<u>24,168,524</u>	<u>19,541,809</u>	<u>34,915,242</u>	<u>78,625,575</u>
Market value of listed securities	-	722,216	-	722,216
	<u>-</u>	<u>722,216</u>	<u>-</u>	<u>722,216</u>

## 16 Investments (continued)

Notes:

- (a) On 28 February 2018, the Group has entered a strategic fund management agreement with another well-established financial institution. By sharing the operating and financing decision making power through the agreement, the Group is no longer considered to be the principal of Majik Access USD Fund 2 LP. After the deconsolidation, the Group elects to measure its 34.04% investment holding in Majik Access USD Fund 2 LP held through a venture capital organisation, an indirect wholly-owned subsidiary, at fair value through profit or loss as management measures the performance of this jointly controlled entity on a fair value basis and considered to be exempted from applying the equity method. The valuation process and fair value information for the joint venture measured at fair value through profit or loss set out in note 4. As of 30 June 2025, the carrying value of the jointly controlled entity amounted to HK\$96 million (31 December 2024: HK\$106 million).
- (b) Certain fund and other investments of HK\$20,543,990,000 (31 December 2024: HK\$20,188,874,000) have been pledged in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.
- (c) Interests in collective investment schemes
- (i) Included in financial assets measured at fair value through profit or loss on the condensed consolidated statement of financial position are certain investments in collective investment schemes which have been designed so that voting or similar rights are not the dominant factor in deciding who controls these schemes. These collective investment schemes include investments in unit trusts and limited liability partnership established by third parties. These schemes provide the Group with a variety of investment opportunities through managed investment strategies.

Owing to the passive nature of these investments, the maximum exposure to loss from these interests is limited to the associated equity price risk (see note 4) and the capital commitments. The maximum exposure to loss, which represents the maximum loss that the Group could be required to report as a result of its involvement with these collective investment schemes regardless of the probability of the loss being incurred, is equivalent to the carrying amount of these investments.

- (ii) In addition, the Group's subsidiary, YF Life Trustees Limited is the sponsor of Mass Mandatory Provident Fund scheme ('MPF scheme') as specified in the respective trust deeds. Management fee and trustee fee income that the Group recognised in profit or loss in return for the administration services provided to MPF scheme that the Group sponsored amounted to HK\$4,796,000 (for six months ended 30 June 2024: HK\$20,971,000).

The policyholders invest directly into such MPF scheme, as such, the Group did not transfer any of its own assets into these schemes during the reporting period. Management actively monitor the compliance with the respective regulation requirements in order to minimise losses arising from reputational risk and regulatory compliance risk.

## 17 Other accounts receivable and accrued income

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Other accounts receivable arising from securities brokerage:		
- Cash clients	191,818	157,211
- Margin clients	4,980	5,814
- Clearing house, brokers, fund managers and dealers	71,426	65,535
	<u>268,224</u>	<u>228,560</u>
Other service fees receivables	7,244	5,092
	<u>275,468</u>	<u>233,652</u>
Less: allowance for credit losses	(4,188)	(4,080)
	<u>271,280</u>	<u>229,572</u>

The fair value of other accounts receivable approximates its carrying amount.

### (a) Ageing analysis of other accounts receivable

The ageing analysis of other accounts receivable net of credit losses as at the end of the reporting period is as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Current	<u>270,102</u>	<u>229,452</u>
Less than 1 month past due	570	-
1 to 3 months past due	197	-
More than 3 months past due	411	120
Amounts past due	<u>1,178</u>	<u>120</u>
	<u>271,280</u>	<u>229,572</u>

The Group has procedures and policies to assess the client's credit quality and defines credit limits for each client. All client acceptance and credit limit are approved by designated approvers according to the client's credit worthiness. During the period, there were allowance for credit losses of HK\$108,000 (for six months ended 30 June 2024: HK\$259,000), no allowance for credit losses recovered (for six months ended 30 June 2024: HK\$Nil) and no other accounts receivable written off (for six months ended 30 June 2024: HK\$Nil).

## 17 Other accounts receivable and accrued income (continued)

### (b) Balance with related parties

At 30 June 2025, the balance of other service fee receivables includes fund management fee of approximately HK\$2,504,000 (31 December 2024: HK\$1,647,000) due from a joint venture of the Group.

## 18 Other receivables, deposits and prepayments

	Note	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Utility and rental deposits	(i)	42,881	42,466
Loans to agents and staff		58,611	68,572
Accrued investment income		1,357,994	1,087,384
Prepayments, other receivables and other deposits		424,142	433,429
Other receivable from non-controlling shareholders of a subsidiary		6,643	6,643
		<u>1,890,271</u>	<u>1,638,494</u>
Less: allowance for credit losses	(iii)	<u>(22,587)</u>	<u>(22,587)</u>
		<u>1,867,684</u>	<u>1,615,907</u>

### Notes:

- (i) The amount of utility and rental deposits expected to be recovered after more than one year is HK\$39,311,000 (31 December 2024: HK\$41,227,000).
- (ii) Except for those mentioned above in (i), all of the other receivables are expected to be recovered within one year.
- (iii) During the period, there were HK\$Nil credit losses made (for six months ended 30 June 2024: HK\$14,171,000 reversal of credit losses made) to allowance for credit losses.

**19 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balance - trust and segregated accounts**

	Note	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Bank balance - trust and segregated accounts			
Deposit with bank	(i)	336,656	292,928
Less: impairment allowance		(154)	(154)
		<u>336,502</u>	<u>292,774</u>
Fixed bank deposits with original maturity over 3 months			
Deposit with bank	(iii)	1,359,561	1,229,988
Less: impairment allowance		-	-
		<u>1,359,561</u>	<u>1,229,988</u>
Cash and cash equivalents			
Deposit with bank	(ii)	9,749	22,415
Fixed bank deposits with original maturity less than 3 months		2,759,625	1,599,910
Cash at bank and in hand		3,221,499	2,751,118
Less: impairment allowance		(114)	(114)
		<u>5,990,759</u>	<u>4,373,329</u>
Cash and cash equivalents in the condensed consolidated statement of financial position			
		<u>5,990,759</u>	<u>4,373,329</u>

Notes:

- (i) The Group maintains segregated accounts with authorised institutions to hold clients' money arising from its normal course of business of the regulated activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.
- (ii) The Group has made deposit with a bank as security deposit for bank facilities.
- (iii) As at 30 June 2025, the Group has pledged fixed deposits of HK\$998,823,000 (31 December 2024: HK\$965,904,000) to banks in favour of the Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

## 20 Insurance and reinsurance contracts

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Insurance contracts</b>		
Insurance contract liabilities		
- Insurance contract balances	77,253,100	69,620,984
- Assets for insurance acquisition cash flows	(3,220)	(3,056)
	<u>77,249,880</u>	<u>69,617,928</u>
<b>Reinsurance contracts</b>		
Reinsurance contract assets	<u>(7,667,001)</u>	<u>(6,790,716)</u>

### (a) Insurance contracts

Analysis by remaining coverage and incurred claims of insurance contracts

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Insurance contract liabilities</b>		
Insurance contract balances		
- Liabilities for remaining coverage excluding loss component	75,489,409	68,688,110
- Loss component	192,331	255,611
- Liabilities for incurred claims	1,571,360	677,263
	<u>77,253,100</u>	<u>69,620,984</u>
Assets for insurance acquisition cash flows	<u>(3,220)</u>	<u>(3,056)</u>
	<u>77,249,880</u>	<u>69,617,928</u>

## 20 Insurance and reinsurance contracts (continued)

Analysis by measurement component of insurance contracts - Contracts not measured under PAA

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Insurance contract liabilities</b>		
Insurance contract balances		
- Estimates of present value of future cash flows	64,752,690	58,927,857
- Risk adjustment for non-financial risk	1,718,592	1,456,765
- CSM	10,656,877	9,122,499
	<u>77,128,159</u>	<u>69,507,121</u>
Assets for insurance acquisition cash flows	(3,220)	(3,056)
	<u>77,124,939</u>	<u>69,504,065</u>

### (b) Reinsurance contracts

Analysis by remaining coverage and incurred claims of reinsurance contracts

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Reinsurance contract assets</b>		
Reinsurance contract balances		
- Assets for remaining coverage excluding loss recovery component	6,405,408	6,265,013
- Loss recovery component	35,799	78,525
- Assets for incurred claims	1,225,794	447,178
	<u>7,667,001</u>	<u>6,790,716</u>



## 20 Insurance and reinsurance contracts (continued)

Analysis by measurement component of reinsurance contracts - Contracts not measured under PAA

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Reinsurance contract assets</b>		
Reinsurance contract balances		
- Estimates of present value of future cash flows	6,361,811	5,686,702
- Risk adjustment for non-financial risk	199,135	164,980
- CSM	1,071,593	903,709
	<u>7,632,539</u>	<u>6,755,391</u>

### (c) Assets for insurance acquisition cash flows

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Presented in insurance contract assets	-	-
Presented in insurance contract liabilities	3,220	3,056
	<u>3,220</u>	<u>3,056</u>

## 20 Insurance and reinsurance contracts (continued)

### (d) *Significant judgements and estimates*

#### (i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are insurance contracts with significant financial options and guarantees, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables.

#### **Estimates of future cash flows**

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

## 20 Insurance and reinsurance contracts (continued)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- costs that the Group will incur in providing investment services; and
- costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in profit or loss as they are incurred.

### Methodology and assumptions

#### (i) Mortality

Prudent mortality tables and industry mortality tables with margins are used. They are compared with the Group's internal mortality experience on a regular basis to ensure their appropriateness.

#### (ii) Morbidity

Morbidity is based on the reinsurer's risk premiums which are relevant to its market experience. It is compared with the Group's internal morbidity experience on a regular basis to ensure its appropriateness.

#### (iii) Withdrawal

Withdrawal rates are determined with reference to pricing assumptions and actual experience.

#### (iv) Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts.

## 20 Insurance and reinsurance contracts (continued)

The tables below set out the spot rates used to discount the cash flows of insurance contracts for major currencies.

As at 30 June 2025	1 year	5 years	10 years	15 years	20 years
USD	3.90% - 4.67%	3.75% - 4.52%	4.26% - 5.03%	4.67% - 5.44%	4.94% - 5.71%
HKD	2.47% - 3.24%	2.59% - 3.36%	2.90% - 3.67%	3.10% - 3.87%	3.23% - 4.00%
As at 31 December 2024	1 year	5 years	10 years	15 years	20 years
USD	4.11% - 4.85%	4.34% - 5.08%	4.55% - 5.29%	4.77% - 5.51%	4.90% - 5.64%
HKD	3.88% - 4.62%	3.60% - 4.34%	3.65% - 4.39%	3.72% - 4.46%	3.75% - 4.49%

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

### Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk.

The risk adjustments for non-financial risk are determined using a confidence level technique. The Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

#### (ii) Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

#### (iii) Investment components

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

## 20 Insurance and reinsurance contracts (continued)

### (iv) Fair value of insurance contracts

The Group applied the fair value approach on transition to HKFRS 17. Actuarial appraisal method is selected as the underlying methodology.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.

The Group's approach to measuring fair value differs from the HKFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of transition.

## 21 Investment contract liabilities

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Policyholders' deposits	4,463,851	4,467,914
Future policyholders' benefits	87,162	89,846
Unearned revenue liability	208,448	192,889
	<u>4,759,461</u>	<u>4,750,649</u>

## 22 Other accounts payable

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Accounts payable		
- Cash and margin clients	570,900	500,033
- Clearing house, fund managers, brokers and dealers	13,123	2,808
	<u>584,023</u>	<u>502,841</u>

Included in accounts payable are amounts payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting regulated activities, which amount to HK\$339,780,000 (31 December 2024: HK\$299,363,000).

All of the accounts payable are aged and due within one month or on demand.

## 22 Other accounts payable (continued)

### Balance with related parties

At 30 June 2025, accounts payable of approximately HK\$2,182,000 (31 December 2024: HK\$413,000) to certain key management personnel of the Company and HK\$Nil (31 December 2024: HK\$1,000) to companies controlled by key management personnel of the Company on normal terms of brokerage and wealth management business of the Group.

## 23 Other payables and accrued expenses

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Accrued staff costs	32,874	14,248
Other contract provisions	298,931	230,224
Other payables and accruals	1,804,910	979,963
	<u>2,136,715</u>	<u>1,224,435</u>

All of other payables and accrued expenses are expected to be settled within one year.

### Balance with related parties

At 30 June 2025, amount of approximately HK\$84,407,000 (31 December 2024: HK\$43,050,000) are payable to MassMutual International LLC who is a substantial shareholder of the Company and its affiliates.

At 30 June 2025, interest accrual of approximately HK\$414,005,000 (31 December 2024: HK\$366,990,000) is due to Key Imagination Limited who is the controlling shareholder of the Company.

## 24 Financial liabilities at fair value through profit or loss

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Preference share liability	-	10,397
Third-party interests in consolidated funds	50,594	61,122
Derivative liabilities	538,671	647,292
	<u>589,265</u>	<u>718,811</u>

## 25 Bank borrowings

The bank loan was unsecured and repayable as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
After 1 year but within 2 years	1,384,362	-
After 2 year but within 3 years	<u>-</u>	<u>1,384,659</u>

## 26 Shareholder's loan

The loan is due within one year from 30 June 2025 and the Group has an unconditional extension right to extend the due date for another year at the interest rate to be reset based on prevailing market condition at the time of exercising the right.

## 27 Share capital

Movements of the Company's ordinary shares are set out below:

	At 30 June 2025		At 31 December 2024	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
<b>Issued and fully paid:</b>	<u>3,867,991,673</u>	<u>11,872,683</u>	<u>3,867,991,673</u>	<u>11,872,683</u>

## 28 Employee share-based arrangements

### Share Option Scheme and Share Award Scheme

The Company has adopted a share option scheme on 28 June 2022 (the “Share Option Scheme”) which has a life of 10 years from the date of adoption for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide it with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

During the Period, no share options had been granted, exercised, cancelled, lapsed or outstanding.

The Board had approved the adoption of share award scheme on 12 December 2016 (the “2016 Share Award Scheme”) to (i) encourage or facilitate the holding of Shares by the selected participants; (ii) encourage and retain such individual to work with the Group; and (iii) provide additional incentive for them to achieve performance goals.

#### 2016 Share Award Scheme

On 24 January 2017, the Company issued 23,990,000 Shares to TMF Trust (HK) Limited to be granted to the Pool A Selected Participants (Group A Grantees) as disclosed in the announcement of the Company dated 24 January 2017. The share was issued at value of HK\$5.4 per share.

During the year ended 31 December 2018, the Company had paid to Bank of Communications Trustee Limited to purchase the Shares to be granted to the Pool B Selected Participants (Group B Grantees) as disclosed in the announcements of the Company dated 4 January 2018, 11 January 2018, 16 January 2018, 26 January 2018 and 21 May 2018.

During the Period, no Shares had been awarded under the 2016 Share Award Scheme. The Shares below under Note 28 (i) were awarded to employee participants.



## 28 Employee share-based arrangements (continued)

### (i) Details of Shares awarded, vested, cancelled and modification of service condition to Group A Grantee under the 2016 Share Award Scheme

Grant date on 24 January 2017

Vesting date	Number of awarded shares awarded A	Number of awarded shares vested B	Number of awarded shares cancelled, forfeited or lapsed C	Number of awarded share remains outstanding F = A - B - C
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As of 31 December 2023 and  
1 January 2024

4 May 2017	5,047,500	4,510,000	537,500	-
4 May 2018	5,047,500	3,372,500	1,675,000	-
4 May 2019	5,047,500	-	5,047,500	-
4 May 2020	5,047,500	-	5,047,500	-
Total	20,190,000	7,882,500	12,307,500	-

Movement for the year 2024

4 May 2017	-	-	-
4 May 2018	-	-	-
4 May 2019	-	-	-
4 May 2020	-	-	-

As of 31 December 2024 and  
1 January 2025

4 May 2017	5,047,500	4,510,000	537,500	-
4 May 2018	5,047,500	3,372,500	1,675,000	-
4 May 2019	5,047,500	-	5,047,500	-
4 May 2020	5,047,500	-	5,047,500	-
Total	20,190,000	7,882,500	12,307,500	-

Movement for the period

4 May 2017	-	-	-
4 May 2018	-	-	-
4 May 2019	-	-	-
4 May 2020	-	-	-

As of 30 June 2025

4 May 2017	5,047,500	4,510,000	537,500	-
4 May 2018	5,047,500	3,372,500	1,675,000	-
4 May 2019	5,047,500	-	5,047,500	-
4 May 2020	5,047,500	-	5,047,500	-
Total	<u>20,190,000</u>	<u>7,882,500</u>	<u>12,307,500</u>	<u>-</u>

The awarded share remaining outstanding was due to service condition modification.

## 28 Employee share-based arrangements (continued)

### (i) Details of Shares awarded, vested, cancelled and modification of service condition to Group A Grantee under the 2016 Share Award Scheme (continued)

Grant date on 25 April 2018

<i>Vesting date</i>	<i>Number of awarded shares awarded</i>	<i>Number of awarded shares vested</i>	<i>Number of awarded shares cancelled, forfeited or lapsed</i>	<i>Number of awarded share remains outstanding</i>
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As of 31 December 2023 and  
1 January 2024

4 May 2018	712,500	712,500	-	-
4 May 2019	712,500	-	712,500	-
4 May 2020	712,500	-	712,500	-
4 May 2021	712,500	-	712,500	-
Total	2,850,000	712,500	2,137,500	-

Movement for the year 2024

4 May 2018	-	-	-	-
4 May 2019	-	-	-	-
4 May 2020	-	-	-	-
4 May 2021	-	-	-	-

As of 31 December 2024 and  
1 January 2025

4 May 2018	712,500	712,500	-	-
4 May 2019	712,500	-	712,500	-
4 May 2020	712,500	-	712,500	-
4 May 2021	712,500	-	712,500	-
Total	2,850,000	712,500	2,137,500	-

Movement for the period

4 May 2018	-	-	-	-
4 May 2019	-	-	-	-
4 May 2020	-	-	-	-
4 May 2021	-	-	-	-

As of 30 June 2025

4 May 2018	712,500	712,500	-	-
4 May 2019	712,500	-	712,500	-
4 May 2020	712,500	-	712,500	-
4 May 2021	712,500	-	712,500	-
Total	<u>2,850,000</u>	<u>712,500</u>	<u>2,137,500</u>	<u>-</u>

## **28 Employee share-based arrangements (continued)**

### **(ii) Details of Shares awarded, vested, cancelled and modification of service condition to Group B Grantee under the 2016 Share Award Scheme**

During the Period, no Shares had been awarded to Group B Grantee and no Shares that had been awarded to Group B Grantee had been vested, cancelled or lapsed under the 2016 Share Award Scheme. There is no movement for the Shares awarded to Group B Grantee under the 2016 Share Award Scheme during the Period.

## **29 Interests in structured entities**

### ***Interest in consolidated structure entities***

The Group had consolidated certain structured entities, mainly funds related to wealth management operation. For those structured entities where the Group is involved as manager or as investor, the Group assesses the extent of controlling power according to relevant group accounting policies.

As at 30 June 2025, the net assets of consolidated fund entities amounted to HK\$148 million (31 December 2024: HK\$178 million) with net carrying interest held by the Group being HK\$97 million (31 December 2024: HK\$117 million).

Interests held by other investors in these consolidated structured entities, mainly fund entities were classified as financial liabilities at fair value through profit or loss on the condensed consolidated statement of financial position with fair value change of financial liability at fair value through profit or loss presented in the condensed consolidated income statement.

At period end, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

### ***Interest in unconsolidated structure entities***

Among those structured entities held by the Group where the Group directly or indirectly involves as investment manager or in equivalent capacity, the Group regularly assesses and determines whether:

- the Group is acting as an agent or a principal in these investment funds;
- substantive removal rights held by other parties may remove the Group as an investment fund manager; and
- the investment interests held together with its remuneration from servicing and managing these structured entities create significant exposure to variability of returns in these investment funds.

In the opinion of the directors, the variable returns that the Group exposes to these structured entities are not significant and the Group is primarily acting as an agent. Therefore, the Group did not consolidate these structured entities.

## 30 Commitments

### (a) Capital commitments

As at 30 June 2025, the Group has a total of HK\$8,622,000 (31 December 2024: HK\$1,859,000) capital commitment contracted but not provided for.

### (b) Investment commitments

- (i) In the normal course of business, the Group enters into commitments to purchase certain investments and capital contribution commitments to third party managed fund investment. As at 30 June 2025, the Group has investment commitments contracted for amounted to HK\$3,653,119,000 (31 December 2024: HK\$3,048,736,000).

In addition, the Group announced to enter into an asset-backed hybrid facility/investment agreement (“the AHF/I Agreement”) with a related company to invest in loans and receivables. Under the AHF/I Agreement, the Group agreed to provide the related party with a secured, non-revolving term loan facility in the principal amount of HK\$7.6 billion. The AHF/I Agreement has been approved by the shareholders on 17 April 2025.

- (ii) As at 30 June 2025, the Group has capital commitment to a joint venture for an amount of US\$20 million with US\$13.93 million (31 December 2024: US\$20 million with US\$13.93 million) has been contributed.

## 31 Material related party transactions

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Brokerage fee income (note (i))	153	788
Investment management fee paid (note (ii))	42,830	40,993
Policy endorsement fee paid (note (iii))	1,928	2,128

- (i) The Group provided brokerage services to companies where Mr. Yu Feng (the Company's chairman) and Mr. Huang Xin (the executive director) are directors and substantial shareholders.
- (ii) The Group paid an investment management fee to an affiliate of a substantial shareholder who appointed a director to the board of the Company, for management service provided to YF Life's investment portfolio.
- (iii) The fee is paid to an affiliate of a substantial shareholder, who appointed a director to the board of the Company, for the provision of claims payment endorsement to certain outstanding life insurance policies of YF Life until such policies mature.

Except for those disclosed in this announcement, there is no other significant related party transactions during the period.

## 32 Reconciliation between HKFRSs and US GAAP

The condensed consolidated financial statements are prepared in accordance with HKFRSs, which differ from certain aspects from US GAAP. The effects of material differences between the financial statements of the Group prepared under HKFRSs and US GAAP are as follows:

Condensed consolidated statement of financial position	As at 30 June 2025			As at 31 December 2024	
	Insurance-related differences <sup>(1)</sup>	HKFRSs adjustments Other difference in accounting <sup>(2)</sup>	Difference in impairment basis <sup>(3)</sup>	Amounts under US GAAP HK\$'000	Amounts under US GAAP HK\$'000
<b>Assets</b>					
Property and equipment	-	3,700	-	587,482	612,481
Statutory deposits	-	-	-	5,337	5,602
Tax recoverable	-	-	-	29	39
Deferred tax assets	-	(70,411)	67,972	123,059	87,568
Investments in associates	-	-	-	34,237	118,554
Goodwill and intangible assets	-	-	-	1,921,212	1,920,168
Other contract assets	(140,170)	-	-	-	-
Deferred acquisition costs and value of business acquired	19,554,869	-	-	19,554,869	18,570,280
Investments	-	2,350,344	(1,830,272)	85,228,813	79,558,790
Reinsurance contract assets	(7,667,001)	-	-	-	-
Advance reinsurance premiums	1,297,823	-	(2,445)	1,295,378	1,188,820
Reinsurers' share of outstanding claims	159,431	-	-	159,431	142,369
Insurance and reinsurance receivables	8,027,280	-	(991)	8,026,289	6,982,304
Other accounts receivable and accrued income	-	-	-	271,280	229,572
Other receivables, deposit and prepayment	73,765	-	-	1,941,449	1,664,461
Bank balance - trust and segregated accounts	-	-	-	336,502	292,774
Fixed bank deposits with original maturity over 3 months	-	-	-	1,359,561	1,229,988
Cash and cash equivalents	-	-	-	5,990,759	4,373,329
<b>Total assets</b>				<b>126,835,687</b>	<b>116,977,099</b>
<b>Liabilities</b>					
Insurance contract provisions	(96,219,593)	-	-	(96,219,593)	(90,798,605)
Insurance contract liabilities	77,249,880	-	-	-	-
Investment contract liabilities	4,759,461	-	-	-	-
Outstanding claims	(330,301)	-	-	(330,301)	(304,372)
Reinsurance premium payables	(854,596)	-	-	(854,596)	(525,069)
Financial liabilities at fair value through profit or loss, other accounts payable and lease liabilities	-	-	-	(1,334,493)	(1,395,763)
Other payables and accrued expense	(5,754,419)	-	-	(7,891,134)	(4,904,626)
Tax payable	-	-	-	(80,612)	(33,071)
Deferred tax liabilities	(791,270)	-	-	(1,047,052)	(1,063,447)
Bank borrowings	-	-	-	(1,384,362)	(1,384,659)
Shareholder's loan	-	-	-	(1,641,077)	(1,641,077)
<b>Total liabilities</b>				<b>(110,783,220)</b>	<b>(102,050,689)</b>
<b>Net assets</b>				<b>16,052,467</b>	<b>14,926,410</b>
<b>Capital and reserves</b>					
Share capital	-	-	-	11,872,683	11,872,683
Reserves	(443,119)	1,594,068	(1,232,484)	(1,170,685)	(1,977,788)
Non-controlling interests	(191,722)	689,565	(532,252)	5,350,469	5,031,515
<b>Total equity</b>				<b>16,052,467</b>	<b>14,926,410</b>

## 32 Reconciliation between HKFRSs and US GAAP (continued)

	<i>For the period ended 30 June 2025 HK\$'000</i>	<i>For the period ended 30 June 2024 HK\$'000</i>
Condensed consolidated income statement		
<i>Amounts under US GAAP</i>		
<b>Income</b>		
Premiums and fee income	6,926,061	5,181,323
Premiums ceded to reinsurer	(1,151,149)	(545,938)
Net premium and fee income	5,774,912	4,635,385
Change in unearned revenue liability	(205,798)	(86,926)
Net earned premium and fee income	5,569,114	4,548,459
Brokerage commission, interest and other service income	8,530	8,399
Subscription, management and rebate fee income	2,238	1,883
Net investment and other income	2,586,696	2,671,836
Reinsurance commission and profit	54,410	24,951
Total income	8,220,988	7,255,528
<b>Benefits, losses and expenses</b>		
Net policyholders benefit	(2,341,961)	(2,154,462)
Commission and related expenses	(1,435,487)	(824,609)
Management and other expenses	(236,828)	(599,211)
Change in future policyholder benefits and deferral and amortisation of deferred acquisition costs and value of business acquired	(3,221,874)	(3,564,891)
Total benefits, losses and expenses	(7,236,150)	(7,143,173)
Finance costs	(91,615)	(114,662)
Share of results of associates	(483)	(3,408)
<b>Profit/(loss) before taxation</b>	892,740	(5,715)
Tax expenses	(35,088)	(91,431)
<b>Profit/(loss) after taxation</b>	857,652	(97,146)
<b>Profit/(loss) attributable to:</b>		
Owners of the Company	551,053	(129,567)
Non-controlling interests	306,599	32,421
	857,652	(97,146)
<i>HKFRSs adjustments (notes)</i>		
<b>(Loss)/profit attributable to:</b>		
Owners of the Company	(64,565)	330,561
Non-controlling interests	(27,905)	143,027
	(92,470)	473,588
<i>Amounts under HKFRSs</i>		
<b>Profit attributable to:</b>		
Owners of the Company	486,488	200,994
Non-controlling interests	278,694	175,448
	765,182	376,442

## 32 Reconciliation between HKFRSs and US GAAP (continued)

Notes:

- [1] Differences arise from different classification and measurement principles for insurance and reinsurance contracts under HKFRS and US GAAP.
- [2] Difference arises from classification and measurement of investments and lease accounting.
- [3] Difference arises from different impairment methodology and basis under HKFRS and US GAAP.

## 33 Non-adjusting events after the reporting period

There is no material non-adjusting event after the reporting period.

By Order of the Board  
**Yunfeng Financial Group Limited**  
**Huang Xin**  
*Executive Director and Interim Chief Executive Officer*

Hong Kong, 28 August 2025

*As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive director), Mr. Huang Xin (who is executive director and interim chief executive officer), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive directors).*