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*The financial information relating to the years ended 31 December 2025 and 2024 included in this announcement do not constitute the statutory annual consolidated financial statements of the Group for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:*

*The Group has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2025 in due course.*

*The Group's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.*



**中國太平保險控股有限公司**

**China Taiping Insurance Holdings Company Limited**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 966)

**ANNOUNCEMENT**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

The Board of Directors of China Taiping Insurance Holdings Company Limited announces the audited financial results of the Company and its subsidiaries for the year ended 31 December 2025 as follows:

## CHAIRMAN'S STATEMENT

The year 2025 marks the conclusion of the “14<sup>th</sup> Five-Year Plan” period and stands as an extraordinary year in China Taiping’s development journey. Amid a complex and challenging external environment, all Taiping employees rose to the occasion and worked tirelessly. Centered on the core priorities of “Risk Prevention. Management Excellence. Growth Acceleration. Safety Assurance”, we actively advanced the Group’s high-quality development, forging ahead through challenges towards new heights and greater excellence. The operational targets were fully achieved, delivering the best business performance in recent years and bringing the “14<sup>th</sup> Five-Year Plan” to a successful conclusion.

**Comprehensive Strength has Continuously Improved.** The Group’s total assets exceeded HK\$1.9 trillion, with net assets reaching HK\$164.8 billion, representing an increase of 14.5% and 34.6% over the last year-end respectively. The Group’s investment assets grew by 11.6% to HK\$1.74 trillion, while profit attributable to shareholders reached HK\$27.059 billion, up 220.9% from the Last Year. **The Quality and Efficiency of Insurance Operations Improved.** The life insurance segment achieved value transformation and quality enhancement, maintaining synchronous growth momentum in both insurance service results and contractual service margin. The P&C insurance and reinsurance segment continued to optimise its combined ratio. TPP smoothly completed the transfer of group insurance business and vigorously developed ageing finance services. **Investment Performance Remained Robust**, with proactive efforts to channel insurance funds into the market, steadily increasing the proportion of equity allocations and achieving dividend income growth over the Last Year.

**The Group Demonstrated Strong Commitment as a Central State-owned Enterprise. Upholding Unwavering Commitment to National Strategies.** We supported high-quality economic and social development by focusing on core responsibilities and principal businesses. Continuously leveraging cross-border synergies, we deeply integrated into the Guangdong-Hong Kong-Macau Greater Bay Area development. We issued the first cross-border motor insurance policy for “Southbound Travel for Guangdong Vehicles”, implemented the “China Taiping Solution for Hong Kong Residents Retirement Care in GBA”, and maintained stable operations at the Hengqin Traditional Chinese Medicine Science and Technology Industrial Park of Co-operation between Guangdong and Macau. We resolutely supported the consolidation and enhancement of Hong Kong as an international financial centre, and actively contributed to major projects under the “Belt and Road Initiative”. The Group **Resolutely Advanced Social Security Protection**, while diligently advancing the “Five Target Areas” of finance. Premiums from technology insurance and green insurance, alongside investment scale in the sectors, have steadily increased. We diversified catastrophe insurance protection models, continuously expanded inclusive insurance coverage, and accelerated the growth of second and third pillar pension businesses. The Group **Steadfastly Fulfilled Social Responsibilities**. We actively responded to events such as the Beijing torrential rains, Gansu flash floods, Typhoon “Ragasa”, and the Tai Po Fire in Hong Kong. We deepened our commitment to serving rural revitalisation, resolutely safeguarding the development of “Agriculture, Rural Areas, and Farmers”. Our Targeted Poverty Alleviation efforts received the highest grade for four consecutive years.

**Strategic Layout Continued to Deepen.** Prudent advancement of **Internationalisation** yielded notable value transformation in overseas subsidiaries. Our comprehensive partnership with Ageas Group was further strengthened. **Ecosystem** development remained consolidated, with continuous expansion of Medical Health & Elder Care and Fintech Ecological Alliances. We enhanced operational quality of self-built elder care communities, drawing in more residents. We deepened comprehensive collaboration with **Strategic Clients**, driving resource sharing and synergistic innovation. The number of group-level strategic clients and related premium scale achieved steady growth.

**Service Quality and Efficiency Continued to Improve.** The 6<sup>th</sup> “Lucky Elephant Festival China Taiping Customer Festival” was successfully held, with TPL, TPI, and TPP respectively launching the “Fine & Premium Service”, “Insurance + Lifestyle”, and “Medical + Care + Living” service platforms and solutions. **Operational Efficiency** has been further optimised, driving large-model applications in insurance underwriting and claims and claims reduction & loss mitigation, while strengthening risk mitigation services, and expanding the application scenarios and online functions of the meteorological disaster early warning monitoring system. **Consumer Protection Management** has been reinforced. The Group convened its 2025 Customer Service and Consumer Rights Protection Conference and conducted various consumer education and awareness campaigns. A “Digital Consumer Protection” innovation model is being explored, with the establishment of an intelligent complaint analysis system empowered by large-model technology.

**Risk Management and Compliance Frameworks Delivered Significant Results.** Automation in risk monitoring steadily improved. Comprehensive risk assessments were conducted across domestic and overseas institutions, alongside specialised reviews in key areas, resulting in thorough analysis and risk profiling of subsidiaries. Proactive risk management capabilities continued to advance. **Internal Control and Compliance** frameworks were comprehensively strengthened, with the philosophy of “Compliance Creates Value” becoming deeply embedded.

TPG, with the Company as a core subsidiary, was named in “Insurance 100” for 11 consecutive years and listed among the “Top 500 Most Valuable Chinese Brands” in 2025 by GY Brand. The Company remains committed to sharing the fruits of high-quality development with investors, proposing a final dividend of HK\$1.23 per share for 2025, representing an increase of 251.4% over the Last Year.

Looking back over the year, the Group has **Laid a More Solid Foundation for “Stability”**. Stable strategy has been achieved through deepening the implementation of high-quality development strategy, with unwaveringly focus on value growth. Stable defense has been maintained by firmly upholding the bottom line of preventing systemic risks. Stable team has been reinforced by forging a workforce of outstanding capabilities and exemplary conduct. **The Momentum for “Progress” has Accelerated.** New breakthroughs have been achieved in key areas, creating favourable conditions for advancing high-quality development to new heights. Quality and efficiency have seen fresh improvements, with profitability reaching its highest level in recent years. Significant achievements have been made in serving the broader national agenda, powerfully demonstrating the responsibility of a Hong Kong-based central financial enterprises.

The “15<sup>th</sup> Five-Year Plan” period represents a pivotal phase for China in consolidating foundations and accelerating efforts towards the fundamental realisation of socialist modernisation. It also marks a critical juncture for China Taiping in building a first-class insurance group, a defining moment in our century-long journey. We are acutely aware that the current global landscape is marked by intertwined turmoil and mounting instability, with increasing uncertainties and unforeseeable factors affecting developments. Strategic opportunities coexist with risks and challenges. At the same time, the insurance sector is accelerating its transition towards high-quality development, as the new wave of technological revolution and industrial transformation open up unprecedented growth opportunities. We shall seize this window of opportunity, proactively recognise, embrace, and drive changes. With a proactive mindset, we shall overcome adversity, confront risks, and rise to challenges, so as to propel high-quality development steadily and far into the future.

Looking ahead to the “15<sup>th</sup> Five-Year Plan” period, we shall remain unwavering in our commitment to high-quality development, and steadfastly pursue our blueprint to fulfillment. By adapting to new circumstances and capturing emerging trends, we shall maintain strategic initiative. Our development focus will be the core insurance business, with a focal point on fulfilling our responsibilities as a Hong Kong-based central financial enterprise. We will actively support national strategies, including the development of the Guangdong-Hong Kong-Macau Greater Bay Area, the consolidation and enhancement of Hong Kong as an international financial centre, and high-quality participation in the “Belt and Road Initiative”. We will strengthen the core functions of insurance, leverage our cross-border operational advantages, excel in the “Five Target Areas” of finance, and serve as a leading force in supporting the real economy. Over the next decade, we aim to achieve systematic enhancements in talent development, professional capabilities, risk management, customer service, technological empowerment, and corporate governance, transforming China Taiping into a first-class insurance group. In 2026, we will steadfastly pursue the core objectives of “Risk Prevention. Management Excellence. Growth Acceleration. Safety Assurance”, striving to achieve new breakthroughs in high-quality development during the inaugural year of the “15<sup>th</sup> Five-Year Plan” period.

**1. Focusing on Core Responsibilities and Principal Business to Serve the Broader Agenda.** We shall thoroughly advance the “Five Target Areas” of finance, supporting the development of a modern industrial system and the strategy to expand domestic demand. We will support the establishment of international science and innovation centres in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macau Greater Bay Area, serving as “Patient Capital” for the development of New Quality Productive Forces. We will resolutely and effectively serve the development of the Guangdong-Hong Kong-Macau Greater Bay Area, positioning it as a leading zone for the Group’s high-quality development. We will strengthen and optimise regional institutions, promote high-quality industrial investment layouts and key project implementation within the regions. We are committed to the long-term prosperity and stability of Hong Kong and Macau, thoroughly implementing the action plan to consolidate and enhance Hong Kong as an international financial centre, fully address claims and related matters concerning the Tai Po fire in Hong Kong, and actively contribute to the high-quality joint development of the “Belt and Road Initiative”.

**2. High-Quality Formulation and Implementation of the “15<sup>th</sup> Five-Year Plan”.** We will accurately interpret national strategic priorities and effectively translate them into the Group’s strategic objectives and concrete actions. Grounded in the Group’s organisational context, we will formulate the plan systematically based on in-depth research and rigorous analysis to ensure a sound development path. We will establish an efficient mechanism combining the Group’s top-level design with precise execution by subsidiaries to ensure the plan is consistently applied throughout the organisation.

**3. Comprehensive Enhancement of Operational Management Quality and Efficiency.** We will deepen value transformation in insurance operations, comprehensively elevate investment capabilities, strengthen asset-liability management, and expand synergistic business coverage while improving quality. We will prudently advance internationalisation. We will focus on synergistic functions centered on core responsibilities and principal businesses, driving “Ecosystem” upgrades and digital and intelligent transformation.

**4. Achieving Better Coordination Between Development and Security.** We will strengthen compliance frameworks, continuously enhance comprehensive risk management, and reinforce clear communication of risk appetite. We will leverage digital upgrades to improve risk monitoring, early warning, and response capabilities, prioritising quantitative methods supplemented by qualitative analysis. We will proactively address challenges such as lower interest rates at home and heightened volatility abroad, by strengthening asset-liability management and rigorously guarding against interest rate spread losses and liquidity risks. We shall fortify our defense lines for safety production with utmost diligence.

Standing at the new starting point of the “15<sup>th</sup> Five-Year Plan”, we are anchored by our goal of building a first-class enterprise. With unwavering confidence in our development trajectory, we shall sharpen our capabilities, enhance quality and efficiency, and strive for comprehensive success in the inaugural year of the “15<sup>th</sup> Five-Year Plan”. This will enable us to make new and greater contributions to building a financial powerhouse and advancing the Chinese path to modernisation in all respects!

On behalf of the Board, I would like to express my heartfelt gratitude to all our shareholders for their enduring care and support for China Taiping! I would also like to extend my sincere gratitude to all the employees of Taiping for their dedication and hard work!

**YIN Zhaojun**  
*Chairman*

Hong Kong, 25 March 2026

## MANAGEMENT REVIEW AND ANALYSIS

In 2025, China Taiping adhered to the general principle of pursuing progress while ensuring stability, thoroughly implemented the high-quality development strategy, and made solid progress in tasks related to “Risk Prevention. Management Excellence. Growth Acceleration. Safety Assurance”, successfully concluding the Group’s “14<sup>th</sup> Five-Year Plan”, and advanced steadily towards high-quality development. Operating results showed steady enhancement, with comprehensive strength continuously enhanced. Risk management and compliance frameworks delivered significant results, while the comprehensive risk management framework was further refined. Responsibilities and missions were actively fulfilled, with dedicated service to national strategies. Business transformation accelerated, yielding remarkable outcomes from deepened reforms. Operational service quality and efficiency continued to rise, with ecosystem development, internationalisation, and strategic synergies further demonstrated.

## 2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS

### Profit Attributable to Owners Continued Growing and Core Business Progressed Steadily

- Profit attributable to owners was HK\$27.059 billion, increased by 220.9% over the Last Year, which is mainly due to the increase of both insurance service results and net investment results over the Last Year, and also benefits from the one-off tax impact of new enterprise income tax policies for the PRC insurance industry.
- Profit of the life insurance business was HK\$34.586 billion, increased by 229.2% over the Last Year; which is mainly due to the increase of both insurance service results and net investment results over the Last Year, and also benefits from the one-off tax impact of new enterprise income tax policies for the PRC insurance industry; profit of the PRC domestic property and casualty insurance business was HK\$966 million, increased by 20.1% over the Last Year, and profit of the reinsurance business was HK\$1.284 billion, increased by 34.1% over the Last Year, both are mainly due to the increase of both insurance service results and net investment results over the Last Year.
- Profit of the asset management business was HK\$1.450 billion, increased by 168.8% over the Last Year; which is mainly due to the increase of management fee income over the Last Year.
- Insurance service results was HK\$24.000 billion, increased by 9.0% over the Last Year, mainly due to better performance of the life insurance business over the Last Year.
- Total equity was HK\$164.8 billion, increased by 34.6% over the last year-end, mainly due to issuance of perpetual capital securities and the growth of results during the Year.
- Ordinary shareholders’ equity was HK\$95.155 billion, increased by 33.9% over the last year-end, mainly due to total comprehensive income attributable to owners during the Year of HK\$25.707 billion.
- Total assets were HK\$1,986.6 billion, increased by 14.5% over the last year-end, mainly due to the increase of total financial investments over the Last Year.
- Contractual service margin (“CSM”) was HK\$216.7 billion, increased by 4.3% over the last year-end, which is mainly due to the contracts initially recognised during the Year and the impact of RMB exchange rate.
- Group embedded value per share attributable to owners was HK\$58.30, increased by 20.0% over the last year-end figure of HK\$48.57. TPL’s embedded value increased by 18.3% over the end of Last Year, and by 15.4% in terms of RMB.

## 2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS (Continued)

### Life Insurance Businesses<sup>1</sup> Transformation Deepened, with Quality and Value Continuously Enhanced

- Insurance revenue of the life insurance increased by 0.3% over the Last Year, with insurance revenue of the PRC domestic life insurance<sup>2</sup> increased by 0.6% over the Last, driven by value transformation and quality enhancement in a coordinated manner. The life insurance business achieved a 13.0% increase in insurance service results over the Last Year.
- As at the end of December 2025, CSM of the life insurance was RMB195.1 billion, increased by 1.8% over the 2024 year-end.
- TPL's transition towards participating products has achieved significant results, with participating products accounting for 86.1% of the first year regular premium in long term insurance. TPL realised a new business value of RMB8.661 billion, increased by 2.7% over the Last Year. Insurance revenue and insurance service results increased by 3.2% and 5.9% over the Last Year. Direct premium increased by 3.4% over the Last Year and four persistency ratios of the individual agency and bancassurance channels maintained industry-leading.
- TPP implemented regulatory requirements and smoothly completed the transfer of group insurance operations. Focusing on its core business, TPP vigorously developed ageing finance services. The second-pillar annuity assets under management was RMB691.8 billion as at the end of December 2025. The third-pillar individual pension business achieved premium income of RMB360 million, increased by 37.8% over the Last Year, and the commercial pension business assets under management was RMB18.5 billion as at the end of December 2025, increased by RMB4.17 billion over the 2024 year-end.
- Overseas life insurance solidly advanced in value transformation, with business structure continuously optimised.

### Property and Casualty Insurance Businesses Quality Steadily Increased with Continued Improvement in Underwriting Profitability

- TPI's<sup>1</sup> insurance revenue increased by 3.7% over the Last Year and the combined ratio was 98.8%. Insurance revenue of motor insurance up by 2.1% over the Last Year with the persistency ratio of motor insurance up by 1.4 percentage points over the Last Year. Insurance revenue of non-motor insurance increased by 6.3% over the Last Year, with business structure continuously optimised.
- TP Macau continued to hold the No.1 position in market ranking. The combined ratio was 83.7%, with an outstanding underwriting performance.
- TP Singapore's property and casualty insurance revenue increased by 8.1% over the Last Year and the combined ratio was 94.1%, maintaining good underwriting profitability.
- TP Indonesia's insurance revenue increased by 4.8% over the Last Year, mainly benefitting from a steady growth in Chinese enterprise business. The combined ratio was 95.2% and continued to maintain underwriting profitability.

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<sup>1</sup> Calculated in RMB

<sup>2</sup> Including TPL and TPP

## **2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS (Continued)**

### **Reinsurance Business Maintained a Value-Oriented Approach, with Improved Underwriting Profitability**

- TPRE's insurance service revenue increased by 3.5% over the Last Year, benefitting from seizing the opportunities in the reinsurance market and proactively adjusting its business structure. The property and casualty reinsurance combined ratio was 96.5%, maintaining good underwriting profitability, and continued to lead the Hong Kong's property insurance professional reinsurance market.

### **Steady Progress in Investment Business, with Significantly Higher Investment Yields**

- Investment size grew steadily and total investment income remained stable. As at the end of December 2025, the total investment assets of the Group were HK\$1,743.1 billion, increased by 11.6% over the last year-end, and total investment income was HK\$66.826 billion, representing an increase of 0.4% over the Last Year.
- The foundation for net investment income was solidified, with dividend income increased over the Last Year. The net investment income of the Group for 2025 was HK\$52.972 billion, an increase of 5.2% over the Last Year. Among these, the dividend income was HK\$6.945 billion, an increase of 29.4% over the Last Year, mainly due to increase of high-dividend equity portfolio.
- Enhanced tactical asset allocation with increased equity exposure. As at the end of 2025, the Group's equity assets accounted for 17.3%, representing a 3.4 percentage points increase over the Last Year. Repurchase agreements was utilised at appropriate times to enhance portfolio returns, while cash, cash equivalents and others accounted for -2.7%, decreased by 2.6 percentage points over the last year-end.
- Risk prevention and control capabilities continued improving, with noticeable effects of high-quality development. In 2025, the Group strengthened risk prevention for overseas investments, reduced risk exposure in key areas, reinforced counterparty credit risk management, implemented new investment asset classification rules, and consistently enhanced its risk prevention and control capabilities.

### **Comprehensive Synergy and Strategic Cooperation Business Enhanced Quality while Expanding Coverage**

- As at the end of 2025, China Taiping had established strategic partnerships with 125 large clients who contributed a total of HK\$65.119 billion insurance premium and HK\$70.145 billion new pension payment.
- In 2025, our domestic cross-selling initiatives achieved HK\$8.491 billion insurance sales, including HK\$7.109 billion of property insurance sales through TPL.

## 2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS (Continued)

### Demonstrate Responsibility in Serving National Strategies

- The Group continued to engage in the development of the Guangdong-Hong Kong-Macau Greater Bay Area (GBA) in depth. Achieved a premium income of HK\$55.976 billion<sup>3</sup>, and investment scale of HK\$111.5 billion, increased by 29.8% over the 2024 year-end. Announced “China Taiping Serving Guangdong-Hong Kong-Macau Greater Bay Area White Paper (2025 Edition)”. Maintained leadership in cross-border motor insurance, underwriting 41,000 cross-border vehicles across the three regions of the GBA, a 5.6% increase over the Last Year, and secured the first underwriting for “Southbound Travel for Guangdong Vehicles”, providing insurance for the first vehicle entering Hong Kong. Deepened the “China Taiping Solution for Hong Kong Residents Retirement Care in GBA”, which has won the Hong Kong Insurance Awards for two consecutive years, and TPL (HK) became the sole operator for the HKSAR Government’s “Residential Care Services Scheme in Guangdong - Pilot Medical Subsidy Arrangement”. Assisted the Macau SAR government in implementing SME catastrophe insurance for seven consecutive years. The Hengqin Traditional Chinese Medicine Science and Technology Industrial Park of Co-operation between Guangdong and Macau achieved an occupancy rate of 82.5% by year-end. Guangzhou’s China Taiping · Mumian Home advanced room renovations for Hong Kong adaptations. Invested and established the Taiping Private Equity Securities Investment Fund.
- The Group contributed effectively to Hong Kong’s position as an international financial centre. CTPI (HK) participated in establishing the Hong Kong Marine War Risks Insurance Pool, and secured the first drone insurance policy across multiple scenarios. TPre was honored as the “General Reinsurer of the Year” at the 29<sup>th</sup> Asia Insurance Industry Awards 2025, and provided insurance coverage for multiple infrastructure projects in Hong Kong’s Northern Metropolis. The Hong Kong Flood Catastrophe Model Project achieved phased results. TPFH signed a “Memorandum of Understanding about Supporting and Participating in the Northern Metropolis Development” with the HKSAR government.
- The Group strengthened efforts to serve the “Belt and Road” initiative with high quality measures. The Group’s “Belt and Road” business development joint conference and underwriting decision-support mechanism were solidified, effectively integrating resources for the Chinese overseas interests’ insurance business. Both premium income and risk coverage scale for “Belt and Road” business grew steadily, with the increasment in both “Going Global” key clients and strategic projects. The “Along with Peace and Prosperity” Disaster and Risk Platform won the 2025 Insurance Innovation Ark Award, with over 70 companies registered users.
- The Group proactively engaged in the post-fire relief for the Tai Po Fire in Hong Kong. Established a dedicated task force to strengthen coordination and dispatch. Swiftly activated emergency response mechanisms, adhered to the principles of “Settling Claims as Quickly as Possible, Settling All Eligible Claims to the Fullest Extent, and Providing Reasonable Advance Payments” and in accordance with the insurance contracts, actively provided insurance claims processing and customer service, standing united with the community to assist affected residents in overcoming difficulties to the greatest extent possible. The Group, together with the China Taiping Charitable Foundation, donated HK\$10 million to the “Support Fund for Wang Fuk Court in Tai Po” established by the HKSAR Government to provide assistance to affected residents. The Group’s elder care community “Guangzhou’s China Taiping · Mumian Home” urgently allocated 60 housing units to provide free accommodation for three months to residents affected by the disaster.

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<sup>3</sup> To further serve the national strategies and enhance refined management, the scope of premium income for the Greater Bay Area will be adjusted from “aggregate amount for the whole of Guangdong Province, Hong Kong and Macau” in 2024 to the “aggregate amount for the 9 cities in Guangdong’s Greater Bay Area, Hong Kong and Macau”.

## 2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS (Continued)

### Significant Progress in the “Five Target Areas”

- **Developing Technology Finance:** The Group achieved an income of HK\$1.864 billion in technology insurance premium, increased by 16.6% over the Last Year; the investment portfolio in technology sector exceeded HK\$110.0 billion, up 42.7% from 2024 year-end.
- **Developing Green Finance:** Green insurance premiums income reached HK\$6.263 billion, increased by 17.5% over the Last Year, while catastrophe reinsurance premiums income amounted to HK\$1.536 billion, increased by 5.0% over the Last Year. The green investment portfolio exceeded HK\$70 billion, up 22.9% from 2024 year-end.
- **Developing Inclusive Finance:** Critical illness insurance covers nearly 40 million urban and rural residents. Hui Min Bao (惠民保) covers over 30 million people and long-term care insurance services are provided to more than 14 million insured individuals. Agricultural insurance premium income was HK\$1.202 billion, increased by 17.0% over the Last Year. Services were extended to over 300,000 small and micro enterprises. The investment scale of the Taiping Rural Revitalisation Fund has steadily expanded. TPG was awarded the highest grade for four consecutive years in the Evaluation of Targeted Poverty Alleviation Performance among centrally administered state-owned enterprises and units.
- **Developing Ageing Finance:** The second-pillar annuity fund assets under management reached HK\$765.9 billion, hitting a record high. The third-pillar individual pension premium income amounted to HK\$831 million, increased by 40.7% over the Last Year. Commercial pension assets under management was HK\$20.482 billion at the end of the Year, with cumulative account openings exceeding 480,000.
- **Developing Digital Finance:** Systematically advanced the application of artificial intelligence technology, basically achieving full-chain coverage from computing infrastructure to business empowerment. The Group constructed foundational technical platforms including intelligent agents, launched the “Zhi Xiang AI” product series and roll out 50 application scenarios. It also formulated the disaster recovery system development plan and deployed the data asset and data security management platform.

## **2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS (Continued)**

### **Strategic Layout Consolidated and Deepened**

- Ecosystem continued to get strengthened. 26,800 retirement community eligibility certificates were newly issued, driving HK\$13.556 billion of new policy premiums. Operational quality of self-built elder care communities were enhanced, with 2,877 residents as at the end of 2025, a 57.6% increase over the 2024 year-end. China Taiping Wutong Home in Shanghai achieved a 13.8 percentage point increase in occupancy rate, while China Taiping Yulan Home in Beijing reached an occupancy rate of 30.5%. The Fintech Ecological Alliance deepened its operations, expanding the technical cooperation network and establishing a joint laboratory with Alliance partners. Innovative product development and promotion were intensified, with a cumulative total of 196 patents. An additional HK\$1.087 billion was deployed through investments by the Medical and Health Fund and the Innovation and Technology Fund. Concurrently, the Group strengthened its insurance-investment linkage mechanism and enhanced ecosystem synergy to effectively empower core business development. The Group's ecosystem construction mechanisms were further refined, with the Medical Health & Elder Care Ecological Alliance and Fintech Ecological Alliance expanding to have 38 and 46 members respectively.

### **Risk Management and Compliance Work Further Deepened**

- Risk early warning, prevention and control capabilities have been enhanced. The risk management system is constantly improved, with the basic enterprise-wide risk management rules and major classified risk management measures updated and optimised. The ERM system has been continuously upgraded, and the automation in risk monitoring has been steadily improved. We have supervised and guided insurance subsidiaries to solidly carry out risk management and control and reporting work.
- The transmission of risk appetite continues to deepen. The risk appetite management system fully covers all types of businesses, expanding the dimensions of tolerance and limit indicators. We dynamically optimise the thresholds of some indicators, and strengthen the management and control efficiency of risk appetite indicators. Departments owning different risk categories have continuously improved risk management in their respective fields, and guided subsidiaries to firmly establish risk awareness, continuously strengthen risk prevention, and promote the effective integration of risk appetite into business decision-making.
- The Group strictly complies with all regulatory requirements and has fully integrated compliance management requirements into all business operations and management activities. During the Year, the Company formulated the fundamental compliance management policy and optimised the compliance management framework, outlining strategic plans and arrangements for compliance management in the coming years.

## **2025 BUSINESS OPERATIONS AND CONSOLIDATED RESULTS** (Continued)

### **Social Influence and Brand Value Continuously Improved, and Consumer Protection Services Quality Effectively Increased**

- TPG, with CTIH as a core subsidiary, was named in “Insurance 100 2025” by Brand Finance, ranking 61<sup>th</sup>, and has been listed for 11 consecutive years. It was also listed among the “Top 500 Most Valuable Chinese Brands” in 2025 by GYBrand, ranking 173<sup>th</sup>. TPG’s 11 subsidiaries were rated “A” by international leading rating agencies.
- The Group successfully held the 6<sup>th</sup> “Lucky Elephant Festival · China Taiping Customer Festival” featuring approximately 7,500 various online and offline events. It launched the new “Hengqin Health and Wellness Themed Activities” to support the development of the Guangdong-Hong Kong-Macau Greater Bay Area and the Hengqin Traditional Chinese Medicine Science and Technology Industrial Park. The Group upgraded the “China Taiping 95589” Group’s WeChat service platform and unified the service portal, delivering a more convenient customer experience. It held its Customer Service and Consumer Rights Protection Conference for four consecutive years, with over 16,000 high-quality financial consumer education and awareness campaigns. The Group enhanced the “Digital Consumer Protection” innovation model and successfully established an intelligent compliant analysis system empowered by large-model technology. Multiple AI agents were successively deployed online, effectively empowering consumer protection efforts. Phased breakthroughs were achieved in the application of big data analysis models for the underwriting and claims of both life and property & casualty insurance.

## CONSOLIDATED FINANCIAL RESULTS

The financial highlights of the Group for the Year were as follows:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Insurance revenue	<b>112,267.07</b>	111,267.76	+0.9%
Insurance service expenses	<b>(86,830.23)</b>	(86,432.64)	+0.5%
Insurance service results	<b>23,999.77</b>	22,024.09	+9.0%
Net investment results	<b>14,582.98</b>	5,831.17	+150.1%
Profit before taxation	<b>33,445.73</b>	22,127.70	+51.1%
Profit after taxation	<b>36,627.02</b>	12,797.84	+186.2%
Profit attributable to owners	<b>27,059.28</b>	8,431.61	+220.9%
Basic earnings per share ( <i>HK\$</i> )	<b>7.251</b>	2.068	+5.183 dollars
Final dividend proposed at HK\$1.23 per share (2024: HK\$0.35 per share)	<b>4,420.64</b>	1,257.91	+251.4%

*At 31 December, HK\$ million*

	2025	2024	Change
Total assets	<b>1,986,586.64</b>	1,734,342.01	+14.5%
Contractual service margin	<b>216,666.60</b>	207,769.38	+4.3%
Total equity	<b>164,792.95</b>	122,407.45	+34.6%
Ordinary shareholders' equity	<b>95,154.88</b>	71,080.41	+33.9%
- Per share ( <i>HK\$</i> )	<b>26.476</b>	19.777	+6.699 dollars
Return on equity (ROE)	<b>25.5%</b>	10.0%	+15.5pts
Group embedded value	<b>280,603.06</b>	234,224.25	+19.8%
Ordinary shareholders' group embedded value	<b>209,519.40</b>	174,577.02	+20.0%
- Per share ( <i>HK\$</i> )	<b>58.297</b>	48.574	+9.723 dollars

## CONSOLIDATED FINANCIAL RESULTS (Continued)

The figures below were the results of the respective companies from their operations, before intra-group eliminations.

The net operating profit/(loss) by each business line was summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Life insurance <sup>1</sup>	<b>34,586.00</b>	10,504.83	+229.2%
PRC domestic property and casualty insurance <sup>2</sup>	<b>965.70</b>	804.31	+20.1%
Overseas property and casualty insurance <sup>3</sup>	<b>209.49</b>	367.58	-43.0%
Reinsurance <sup>4</sup>	<b>1,283.84</b>	957.37	+34.1%
Asset management business <sup>5</sup>	<b>1,450.01</b>	539.37	+168.8%
Others <sup>6</sup>	<b>(1,868.02)</b>	(375.62)	+397.3%
Net profit from operations	<b>36,627.02</b>	12,797.84	+186.2%
Non-controlling interests	<b>(9,567.74)</b>	(4,366.23)	+119.1%
Profit attributable to owners	<b>27,059.28</b>	8,431.61	+220.9%

<sup>1</sup> Life insurance includes the operating results of TPL, TPP's life and pension insurance business, TPL (HK) and TP Singapore's life insurance business.

<sup>2</sup> PRC domestic property and casualty insurance is the operating results of TPI.

<sup>3</sup> Overseas Property and casualty insurance includes the operating results of CTPI (HK), TP Macau, TP UK, TP Luxembourg, TP Singapore and TP Indonesia's property and casualty insurance business.

<sup>4</sup> Reinsurance mainly includes the operating results of TPre and TPre (China).

<sup>5</sup> Asset management business includes the operating results of TPAM, TPCA, TP Fund, TPFH and TPP's annuity investment business.

<sup>6</sup> Others mainly includes the operating results of the holding company, TPIH (HK), TSFL, TPFS and consolidation adjustments.

## CONSOLIDATED FINANCIAL RESULTS (Continued)

The following analysis showed the movement of the total equity of the Group.

*HK\$ million*

	2025	2024
Total equity as at 1 January	<b>122,407.45</b>	132,595.65
Net profit recognised in statement of profit or loss	<b>36,627.02</b>	12,797.84
Net changes in fair value reserve	<b>(28,297.81)</b>	62,971.63
Net changes in insurance finance reserve	<b>23,431.09</b>	(80,164.88)
Revaluation gain arising from reclassification of own-use properties into investment properties	<b>51.90</b>	79.61
Share of other comprehensive income of associates and joint ventures, net of deferred tax	<b>(219.47)</b>	185.84
Exchange differences arising from translation of financial statements of foreign and non-foreign operations	<b>3,244.44</b>	(2,501.07)
Capital injection made to a subsidiary	<b>1,190.19</b>	-
Deemed acquisition of a subsidiary	<b>478.06</b>	-
Acquisition of partial interests in subsidiaries	<b>(11.89)</b>	-
Perpetual capital securities issued	<b>9,752.61</b>	-
Dividend declared by subsidiaries to non-controlling interests	<b>(1,205.68)</b>	(1,080.45)
Dividend declared to holders of the perpetual subordinated capital securities	<b>(1,397.05)</b>	(1,398.51)
Dividend declared to shareholders	<b>(1,257.91)</b>	(1,078.21)
Total equity as at 31 December	<b>164,792.95</b>	<u>122,407.45</u>
Attributable to:		
Ordinary shareholders of the Company	<b>95,154.88</b>	71,080.41
Perpetual subordinated capital securities	<b>15,987.26</b>	15,990.48
Non-controlling interests	<b>53,650.81</b>	35,336.56
	<b>164,792.95</b>	<u>122,407.45</u>

## LIFE INSURANCE BUSINESS

The Group's life insurance business is operated by TPL, TPP, TPL (HK) and TP Singapore, which are engaged in the underwriting of life insurance businesses in the Mainland, Hong Kong and Macau of the PRC and Singapore, respectively.

TPL is incorporated in the Chinese Mainland and is 75.1% owned by the Group.

TPP is incorporated in the Mainland China. TPP operates corporate and personal retirement insurance and group life insurance business, apart from its annuity and retirement plan's investment, entrustment and other management services business under the section headed "Asset Management Business". On 20 May 2024, the Company, Dragon Jade, Ageas and TPP entered into a capital increase agreement, pursuant to which TPP has conditionally agreed to issue new shares representing 10% of the enlarged issued share capital of TPP at the consideration of RMB1.075 billion to Ageas. In October 2025, TPP obtained the approval from the National Financial Regulatory Administration that TPP's capital is permitted to change and increase. Given the completed of transaction, as at 31 December 2025, TPP is 90% owned by the Group.

TPL (HK) is incorporated in Hong Kong, China in 2015 and is wholly-owned by the Group. TPL (HK) incorporated a subsidiary in Macau, China, TPL (Macau), to explore and develop life insurance business in Macau, China, since 2019.

TP Singapore is incorporated in Singapore and is wholly-owned by the Group. TP Singapore launched its life insurance business since 2018 alongside its property and casualty insurance business. TP Singapore's property and casualty insurance business under the section headed "Overseas Property and Casualty Insurance Business".

## Financial Performance

**The figures below were the results of life insurance business, before intra-group eliminations.**

The Group's insurance service results of life insurance business experienced stable growth. The insurance revenue of the life insurance business was HK\$64.282 billion, decreased by 0.3% over the Last Year, which was mainly due to the impact of RMB exchange rate. The insurance revenue increased by 0.3% over the Last Year, in terms of RMB. The profit after taxation of life insurance business was HK\$34.586 billion, increased by 229.2% over the Last Period. The increase was mainly due to the increase of both insurance service results and net investment results over the Last Year, and also from the one-off tax impact of new enterprise income tax policies for the PRC insurance industry.

## LIFE INSURANCE BUSINESS (Continued)

### Financial Performance (Continued)

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Insurance revenue	<b>64,282.35</b>	64,453.92	-0.3%
Insurance service expenses	<b>(41,377.40)</b>	(44,175.10)	-6.3%
Net expenses from reinsurance contracts held	<b>(771.92)</b>	(595.45)	+29.6%
Insurance service results	<b>22,133.03</b>	19,683.37	+12.4%
Net investment results	<b>11,151.14</b>	2,286.24	+387.8%
Profit before taxation	<b>30,885.62</b>	18,972.00	+62.8%
Profit after taxation	<b>34,586.00</b>	10,504.83	+229.2%

*At 31 December, HK\$ million*

	2025	2024	Change
Total assets	<b>1,723,386.60</b>	1,493,130.58	+15.4%
Total equity	<b>83,341.26</b>	56,594.22	+47.3%

### Contractual Service Margin

The movements in life insurance business's contractual service margin are summarised below:

*HK\$ million*

	2025	2024	Change
Balance as at 1 January	<b>206,935.86</b>	210,336.64	-1.6%
Contracts initially recognised in this Period	<b>11,003.84</b>	19,709.64	-44.2%
CSM recognised for service provided	<b>(17,900.22)</b>	(17,466.39)	+2.5%
Changes in estimates that adjust the CSM	<b>2,997.15</b>	(8,807.71)	N/A
Changes in estimates that result in reversal of losses/(onerous contract losses)	<b>(3.66)</b>	9.23	N/A
Financial movements in insurance contracts	<b>7,742.62</b>	7,652.20	+1.2%
Effect of exchange differences	<b>5,258.54</b>	(4,497.75)	N/A
Balance as at 31 December	<b>216,034.13</b>	206,935.86	+4.4%

## LIFE INSURANCE BUSINESS (Continued)

### Insurance Performance

#### Premium

Direct premium of life insurance business are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
TPL	201,407.98	195,866.77	+2.8%
TPP	6,620.12	8,844.25	-25.1%
TPL (HK)	12,826.36	15,081.27	-15.0%
TP Singapore	994.64	779.33	+27.6%

TPL's direct premium increased by 2.8% to HK\$201.408 billion from HK\$195.867 billion in the Last Year.

TPL's direct premium by line of business are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Individual	129,455.22	127,857.34	+1.2%
Bancassurance	63,319.19	58,899.87	+7.5%
Group	683.08	563.98	+21.1%
Other Channels <sup>1</sup>	7,950.49	8,545.58	-7.0%
	<b>201,407.98</b>	<b>195,866.77</b>	<b>+2.8%</b>

<sup>1</sup> Other Channels mainly consisted of telemarketing.

## LIFE INSURANCE BUSINESS (Continued)

### Insurance Performance (Continued)

#### Premium (Continued)

The detailed breakdown of TPL's direct premium by payment type was summarised as follows:

*For the year ended 31 December, HK\$ million*

#### Individual

	2025	2024	Change
Long-term First Year			
– Single Premium	252.95	245.27	+3.1%
– Regular Premium	18,782.44	20,202.07	-7.0%
Renewal Year	102,702.29	99,430.93	+3.3%
Short-term	7,717.54	7,979.07	-3.3%
	<b>129,455.22</b>	<b>127,857.34</b>	<b>+1.2%</b>

#### Bancassurance

	2025	2024	Change
Long-term First Year			
– Single Premium	2,273.89	354.53	+541.4%
– Regular Premium	15,955.64	15,390.48	+3.7%
Renewal Year	45,021.80	43,080.79	+4.5%
Short-term	67.86	74.07	-8.4%
	<b>63,319.19</b>	<b>58,899.87</b>	<b>+7.5%</b>

#### Group

	2025	2024	Change
Group Insurance	<b>683.08</b>	563.98	+21.1%

#### Other Channels

	2025	2024	Change
Long-term First Year			
– Single Premium	967.97	1,531.16	-36.8%
– Regular Premium	1,224.38	1,273.17	-3.8%
Renewal Year	5,747.61	5,703.15	+0.8%
Short-term	10.53	38.10	-72.4%
	<b>7,950.49</b>	<b>8,545.58</b>	<b>-7.0%</b>

## LIFE INSURANCE BUSINESS (Continued)

### Premium (Continued)

TPL's direct premium by product type are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Traditional life	81,354.51	94,060.41	-13.5%
Long-term health	34,394.77	35,460.41	-3.0%
Annuity	18,204.48	26,117.52	-30.3%
Participating	57,842.89	30,172.87	+91.7%
Accident and short-term health	9,589.88	10,036.96	-4.5%
Universal life	19.57	16.73	+17.0%
Investment-linked	1.88	1.87	+0.5%
<b>Total</b>	<b>201,407.98</b>	<b>195,866.77</b>	<b>+2.8%</b>

### Key Operational Data

TPL's key operational data was summarised below:

*At 31 December*

	2025	2024	Change
Market share <sup>1</sup>	4.2%	4.5%	-0.3pt
Number of provincial branches	38	38	-
Number of sub-branches and marketing centers	1,225	1,312	-87
Number of customers			
- Individual	12,747,379	13,907,025	-1,159,646
- Corporate	17,721	804	+16,917
Distribution network			
- Number of individual agents	166,704	226,102	-59,398
- Number of bancassurance outlets	94,753	88,908	+5,845
Agent monthly per capita regular direct premium (RMB) <sup>2</sup>	16,853	16,628	+224 yuan
Direct premium persistency ratios – 13 <sup>th</sup> month <sup>3</sup>			
- Individual	98.8%	98.7%	+0.1pt
- Bancassurance	98.8%	98.6%	+0.2pt
Direct premium persistency ratios – 25 <sup>th</sup> month <sup>3</sup>			
- Individual	97.8%	95.0%	+2.8pts
- Bancassurance	98.3%	97.6%	+0.7pt

<sup>1</sup> Derived according to the direct premium published by the NFRA.

<sup>2</sup> Based on regular direct premium and number of active agents.

<sup>3</sup> Based on the amount of direct premium.

## PRC DOMESTIC PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's PRC domestic property and casualty insurance segment is operated by TPI. TPI is incorporated in the Chinese Mainland and is wholly-owned by the Group.

### Financial Performance

The figures below were the results of TPI's business, before intra-group eliminations.

TPI's key financial data was summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Insurance revenue	34,175.54	33,145.98	+3.1%
Insurance service expenses	(32,914.35)	(31,913.60)	+3.1%
Net expenses from reinsurance contracts held	(453.68)	(603.55)	-24.8%
Insurance service results	807.51	628.83	+28.4%
Net investment results	840.51	740.19	+13.6%
Profit before taxation	1,201.07	932.45	+28.8%
Profit after taxation	965.70	804.31	+20.1%
Combined ratio <sup>1</sup>	98.8%	100.1%	-1.3 pts

*At 31 December, HK\$ million*

	2025	2024	Change
Total assets	49,761.17	46,219.26	+7.7%
Total equity	11,390.43	10,461.71	+8.9%

<sup>1</sup> Combined ratio = (insurance service expenses + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in premium reserves) / insurance revenue, 2024 figures were on the same baseline.

## PRC DOMESTIC PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

### TPI's BUSINESS (Continued)

#### Insurance Performance

##### Premium

TPI's direct premium increased by 3.4% to HK\$35.455 billion from HK\$34.297 billion in the Last Year. The detailed breakdown of TPI's direct premium by category are summarised below:

*For the year ended 31 December, HK\$ million*

Business Line	2025	2024	Change
Motor	21,263.19	21,005.56	+1.2%
Marine	832.97	802.19	+3.8%
Non-marine	13,358.61	12,489.26	+7.0%
	<b>35,454.77</b>	<b>34,297.01</b>	<b>+3.4%</b>

#### Key Operational Data

TPI's key operational data was summarised below:

*At 31 December*

	2025	2024	Change
Market share <sup>1</sup>	1.9%	1.9%	-
Number of provincial branches	33	33	-
Number of sub-branches and marketing centers	1,044	1,029	+15
Number of customers (restated) <sup>2</sup>			
- Individual	20,563,849	21,708,223	-1,144,374
- Corporate	728,632	726,490	+2,142
Number of direct sales representatives	9,996	10,516	-520

<sup>1</sup> Derived according to the direct premium published by the NFRA.

<sup>2</sup> From 2025, the customer statistical methodology has been adjusted, and the customer count at the end of 2024 has been restated.

## OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's overseas property and casualty insurance segment covers Hong Kong and Macau of China, UK, Luxemburg, Singapore and Indonesia, and is operated by CTPI (HK), TP Macau, TP UK, TP Luxemburg, TP Singapore and TP Indonesia respectively. CTPI (HK), TP Macau, TP UK, TP Luxemburg, TP Singapore are wholly-owned by the Group. TP Indonesia is 55% owned by the Group.

TP Singapore's life insurance business aforementioned in the section headed "Life Insurance Business".

TP Luxembourg started operation since June 2024 and its business is still in the initial stage.

### Financial Performance

The figures below are the results of these companies from their operations, before intra-group eliminations.

The key financial data of the overseas property and casualty insurance business is summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
<b>Insurance revenue</b>			
CTPI (HK)	3,041.60	3,313.46	-8.2%
TP Macau	921.86	929.00	-0.8%
TP UK	275.05	308.82	-10.9%
TP Singapore <sup>1</sup>	887.68	820.87	+8.1%
TP Indonesia	640.89	611.35	+4.8%
<b>Insurance service results</b>			
CTPI (HK)	28.20	197.67	-85.7%
TP Macau	175.53	150.02	+17.0%
TP UK	61.76	104.63	-41.0%
TP Singapore <sup>1</sup>	86.37	100.11	-13.7%
TP Indonesia	32.05	32.62	-1.7%
<b>Net investment results</b>			
CTPI (HK)	194.85	144.43	+34.9%
TP Macau	56.36	85.79	-34.3%
TP UK	18.53	40.10	-53.8%
TP Singapore <sup>1</sup>	86.71	63.42	+36.7%
TP Indonesia	14.53	28.49	-49.0%
<b>Profit/(loss) before taxation</b>			
CTPI (HK)	20.77	82.16	-74.7%
TP Macau	202.49	206.87	-2.1%
TP UK	(81.92)	(56.47)	+45.1%
TP Singapore <sup>1</sup>	94.44	132.00	-28.5%
TP Indonesia	46.93	62.05	-24.4%
<b>Profit/(loss) after taxation</b>			
CTPI (HK)	19.64	74.26	-73.6%
TP Macau	176.24	182.80	-3.6%
TP UK	(81.24)	(55.87)	+45.4%
TP Singapore <sup>1</sup>	57.31	102.58	-44.1%
TP Indonesia	37.34	51.11	-26.9%

<sup>1</sup> The results of TP Singapore from its property and casualty insurance business, which do not include its life insurance business.

## OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

### Combined ratio

Combined ratios<sup>2</sup> of overseas property and casualty business are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
CTPI (HK)	103.4%	97.4%	+6.0pts
TP Macau	83.7%	85.2%	-1.5pts
TP UK	77.5%	66.1%	+11.4pts
TP Singapore <sup>1</sup>	94.1%	92.1%	+2.0pts
TP Indonesia	95.2%	92.1%	+3.1pts

<sup>1</sup> The results of TP Singapore from its property and casualty insurance business, which do not include its life insurance business.

<sup>2</sup> Combined ratio = (insurance service expenses + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in premium reserves) / insurance revenue, 2024 figures were on the same baseline.

### Insurance Performance

#### Premium

Direct premium by overseas property and casualty business are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
CTPI (HK)	2,509.12	2,605.94	-3.7%
TP Macau	956.49	924.14	+3.5%
TP UK	443.47	418.26	+6.0%
TP Singapore <sup>1</sup>	873.67	791.60	+10.4%
TP Indonesia	630.66	610.53	+3.3%

<sup>1</sup> The results of TP Singapore from its property and casualty insurance business, which do not include its life insurance business.

## REINSURANCE BUSINESS

The Group's reinsurance business is mainly operated by TPRé and TPRé (China).

TPRé is 75% owned by the Group. TPRé (China) was incorporated in the Chinese Mainland in 2015 and is wholly-owned by TPRé.

### Financial Performance

The figures below were the consolidated results of reinsurance operating segment, before intra-group eliminations.

The key financial data and key performance indicators of the reinsurance business are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Insurance revenue	8,933.62	8,629.67	+3.5%
Insurance service expenses	(8,347.38)	(7,419.96)	+12.5%
Net expenses from reinsurance contracts held	109.13	(625.24)	N/A
Insurance service results	695.37	584.47	+19.0%
Net investment results	1,025.66	895.43	+14.5%
Profit before taxation	1,288.05	1,076.94	+19.6%
Profit after taxation	1,283.84	957.37	+34.1%
Combined ratio <sup>1</sup>	96.5%	98.8%	-2.3pts

*At 31 December, HK\$ million*

	2025	2024	Change
Total assets	46,036.75	44,777.20	+2.8%
Total equity	13,324.31	12,123.32	+9.9%

<sup>1</sup> Combined ratio = (insurance service expenses + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in premium reserves) / insurance revenue, 2024 figures were on the same baseline, and for property and casualty reinsurance only.

## REINSURANCE BUSINESS *(Continued)*

### Insurance Performance

#### Premium

Reinsurance business's total premium increased by 5.4% to HK\$16.261 billion from HK\$15.426 billion in the Last Year.

Total premium by types of reinsurance contracts are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Life	4,137.67	4,001.61	+3.4%
Non-life	12,123.05	11,424.17	+6.1%
	<b>16,260.72</b>	<b>15,425.78</b>	<b>+5.4%</b>

## ASSET MANAGEMENT BUSINESS

The Group's asset management business is mainly operated by TPAM, TPCA, TP Fund, TPFH, and TPP, which engage in the provision of asset management services to the Group in managing its RMB and non-RMB investment portfolios and the annuity investment and entrustment services.

TPAM is incorporated in the Chinese Mainland and is 80% owned by the Group.

TPCA is incorporated in the Chinese Mainland in 2017. TPCA is 60% owned by TPL and 40% owned by TPL.

TP Fund being acquired by TPAM in September 2016, is 56.3% owned by TPAM and 38.5% owned by TPL.

TPFH is incorporated in Hong Kong, China and is wholly-owned by the Group.

TPP operates the Group's annuity and retirement plan's investment, entrustment services etc., apart from its corporate and personal retirement insurance and group life insurance business aforementioned in the section headed "Life Insurance Business".

### Financial Performance

The figures below were the results of asset management business, before intra-group eliminations.

The key financial data of the asset management business operated is summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Management fee income	<b>3,600.66</b>	3,003.53	+19.9%
Profit before taxation	<b>1,371.19</b>	862.81	+58.9%
Profit after taxation	<b>1,450.01</b>	539.37	+168.8%

### Assets Under Management

The assets under management of TPAM declined due to the maturity of existing asset management products. The assets under management of TPCA increased due to strengthened expansion of new projects. The assets under management of TPFH declined due to capital outflows. The assets under management of TPP increased due to the proactive expansion of enterprise annuity and occupational annuity businesses.

The size of assets under management of major subsidiaries is summarised below:

*At 31 December, HK\$ million*

	2025	2024	Change
TPAM	<b>1,583,733.75</b>	1,677,513.93	-5.6%
TPCA	<b>71,656.96</b>	57,117.40	+25.5%
TPFH	<b>105,878.00</b>	113,508.00	-6.7%
TPP	<b>818,056.51</b>	664,773.66	+23.1%

## ASSET MANAGEMENT BUSINESS (Continued)

### Assets Under Management (Continued)

Due to premium inflows and asset price changes, the assets of the Group's insurance funds increased by 11.6% over the last year-end. The Group took the initiative to enhance the quality of its third-party asset management business by reducing the engagement in low-rate mandates, and actively expanding incremental business, resulting in third-party assets under management remain largely unchanged from the 2024 year-end.

Managed assets within the Group and for third parties is summarised below:

*At 31 December, HK\$ million*

	2025	2024	Change
Insurance fund assets within the Group	1,743,052.49	1,562,099.00	+11.6%
Managed assets for third parties	1,022,303.84	1,022,499.09	0.0%

### Insurance Fund Management within the Group

#### Investment Income

The total investment income and investment yield of the Group are summarised below:

*For the year ended 31 December, HK\$ million*

	2025	2024	Change
Net investment income <sup>1</sup>	52,971.86	50,335.79	+5.2%
<i>Including: Share of results of associates and joint ventures <sup>2</sup></i>	2,050.39	2,664.69	-23.1%
Net realised and unrealised investment gains <sup>3</sup>	13,854.03	16,207.49	-14.5%
Total investment income	66,825.89	66,543.28	+0.4%
Net investment yield <sup>4</sup>	3.21%	3.46%	-0.25pt
Total investment yield <sup>4</sup>	4.04%	4.57%	-0.53pt
Comprehensive investment yield <sup>5</sup>	1.73%	10.32%	-8.59pts

<sup>1</sup> Including the interests income from deposits, interests income from debt financial assets, dividends from equity financial assets, rental income from investment properties, share of results of associates and joint ventures and deducting interest expenses on securities sold under repurchase agreements.

<sup>2</sup> Including the income generated from asset management products, funds etc., that has been classified as share of results of associates and joint ventures.

<sup>3</sup> Including the income from the spread of investment securities, gain or loss on changes in fair value and impairment loss of investment assets.

<sup>4</sup> In the calculation of net investment yield and total investment yield, as the denominator, the average investment assets take into account the effect of securities purchased under resale agreements and securities sold under repurchase agreements.

<sup>5</sup> In the calculation of comprehensive investment yield include the changes in fair value of debt securities under FVOCI (2025: approximately HK\$43.156 billion; 2024: approximately HK\$77.628 billion), if excludes the changes in fair value of debt securities under FVOCI, the comprehensive investment yield for 2025 was 4.29%.

## ASSET MANAGEMENT BUSINESS (Continued)

### Assets Under Management (Continued)

#### Insurance Fund Management within the Group (Continued)

Net investment income grew by 5.2% from HK\$50.336 billion in 2024 to HK\$52.972 billion in 2025. The realised and unrealised investment gains decreased by 14.5% from HK\$16.207 billion in 2024 to HK\$13.854 billion in 2025, mainly because the unrealised gains on FVPL bonds were lower than those of the Last Year due to the impact of domestic interest rate movements.

Under the combined influence of the above factors, the total investment income of investment assets of the Group amounted to HK\$66.826 billion in 2025, increased by 0.4% over the HK\$66.543 billion in 2024. The total investment yield decreased from 4.57% in 2024 to 4.04% in 2025.

#### Investment Portfolio

The assets allocation of the investment portfolio of the Group's insurance fund is as follows:

*At 31 December, HK\$ million*

	2025	% of Total	2024	% of Total
<b>By investment category</b>				
Fixed income				
Term deposits	78,533.63	4.5%	68,323.70	4.4%
Debt securities	1,326,751.49	76.1%	1,163,458.01	74.5%
Debt products	46,352.71	2.7%	61,598.10	3.9%
Equity investments				
Equity securities	212,413.03	12.2%	130,240.27	8.3%
Investment Funds	77,073.20	4.4%	73,277.01	4.7%
Other equity investments	12,451.75	0.7%	13,743.14	0.9%
Long-term equity investments	12,480.12	0.7%	28,918.67	1.9%
Investment properties	23,662.64	1.4%	22,829.11	1.5%
Precious metal investment	32.38	0.0%	0.00	0.0%
Cash, cash equivalents and others				
Cash and cash equivalents	54,360.24	3.1%	44,388.58	2.8%
Securities purchased under resale agreements/ securities sold under repurchase agreements	(101,058.70)	-5.8%	(44,677.59)	-2.9%
<b>Total invested assets</b>	<b>1,743,052.49</b>	<b>100.0%</b>	<b>1,562,099.00</b>	<b>100.0%</b>

## ASSET MANAGEMENT BUSINESS (Continued)

### Assets Under Management (Continued)

#### Insurance Fund Management within the Group (Continued)

##### Investment Portfolio (Continued)

Based on research and analysis of the capital markets, the Group increased its proportion of equity investment, and piloted the initiative of gold investment. As at the end of 2025, the proportion of fixed income investment to the insurance fund within the Group was 83.3%. The proportion of equity investments was 17.3%. The proportion of long-term equity investments was 0.7%. The proportion of investment properties was 1.4% and the proportion of cash, cash equivalents and others was -2.7%.

#### Analysis of Investment in Securities

##### *Stable Progress on Equity Investment*

As at the end of 2025, stock investments held by the Group amounted to approximately HK\$212.4 billion, representing approximately 10.7% of the total assets. Adhering to the concept of value investment, the Group has leveraged on the long-term advantages of insurance funds and mainly invested in equities with reasonable valuation, stable dividends and good margin of safety, and the overall investment style remained prudent.

##### *High Credit Ratings for Debt Securities*

As at the end of 2025, debt securities held by the Group amounted to HK\$1,326.8 billion, representing approximately 66.8% of the total assets, of which 92.4% were PRC domestic bond investment. Within the PRC domestic bonds, 99.97% were bonds with AAA ratings, government bonds and financial policy bonds, 0.03% were bonds with AA+ and AA ratings. Overseas bond investment constitutes 7.6% of debt securities held by the Group, and about 98.2% of them were investment grade bonds with international ratings of BBB or higher.

##### *Relatively Good Credit Status for Debt Products*

As at the end of 2025, debt products held by the Group amounted to HK\$46.353 billion, representing approximately 2.3% of the total assets. The credit ratings of the PRC domestic financial investment debt products remained relatively high, with products rated AAA accounting for 73.4%, the remaining being low-risk bank wealth management products which accounted for 26.6%. Overseas debt products mainly were private debts managed by leading international institutions. The Group's investment in debt products have gone through a rigorous investment decision-making process, with a proprietary information system in place for during-the-investment monitoring and post-investment management. In general, the Group has made sufficient assessment on its alternative investment risks, which indicated sound asset credit.

- *Relatively Low Proportion of Real Estate Debt Products*

As at the end of 2025, real estate debt products approximated HK\$10.611 billion, representing 0.5% of the total assets, down by 0.4 percentage point over the 2024 year-end. The credit ratings of the real estate financial investment debt products remained high, with relatively comprehensive credit enhancement measures in place, and major projects are located in tier 1, provincial capital cities or developed tier 2 cities, thus financing entities have relatively strong solvencies.

## ASSET MANAGEMENT BUSINESS (Continued)

### Assets Under Management (Continued)

#### Third-party Assets under Management

In 2025, the Group proactively enhanced the quality of third-party asset management business by reducing the size of entrusted assets with lower management fee rates, and actively expanding incremental business. As at the end of 2025, the total third-party entrusted assets managed by the Group amounted to HK\$1,022.3 billion, remain largely unchanged from the 2024 year-end.

In 2025, TPAM (including TP Fund) recorded a total management fee income before taxation and deduction of HK\$2,215 million, including HK\$650 million derived from assets outside of the Group, which accounted for 29.4% of total management fee.

## SOLVENCY

As at 31 December 2025, the solvency ratios of PRC domestic major subsidiaries TPL, TPI and TPP were significantly higher than PRC domestic regulatory requirements.

	2025	2024	Change
<b>Core Solvency Ratio</b>			
TPL	<b>143%</b>	186%	-43pts
TPI	<b>170%</b>	172%	-2pts
TPP	<b>160%</b>	186%	-26pts
<b>Comprehensive Solvency Ratio</b>			
TPL	<b>230%</b>	298%	-68pts
TPI	<b>236%</b>	239%	-3pts
TPP	<b>215%</b>	245%	-30pts

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2025 amounted to HK\$132.894 billion (31 December 2024: HK\$112.712 billion).

### FINANCIAL LEVERAGE

The Group's interest-bearing notes and bank facilities drawn as at 31 December 2025 amounted to HK\$13.290 billion and HK\$64.406 billion, respectively (31 December 2024: HK\$10.813 billion and HK\$69.872 billion). As at 31 December 2025, CTIH's consolidated financial leverage ratio (calculated by interest-bearing debts over the summation of interest-bearing debts plus ordinary shareholders' equity and the contractual service margin after taxation) was 23.2% (31 December 2024: 26.2%).

### CAPITAL STRUCTURE

The Company did not issue new Shares during the Year and 2024.

In March 2023, the Company had issued USD2 billion of perpetual subordinated capital securities, with an initial distribution rate of 6.4%, callable in 2028. Particulars are set out in Note 40 to the consolidated financial statements.

## PRINCIPAL PROPERTIES

The location and use of the principal properties held for investment purposes by the Group are set out below, other details are set out in Note 19 of the consolidated financial statements.

Property location	Use
Taiping Finance Tower, Pudong New District, Shanghai, the PRC	Medium term lease ; Commercial
Taiping Finance Tower, Futian District, Shenzhen, the PRC	Medium term lease ; Commercial
Taiping Finance Tower, Shangcheng District, Hangzhou, the PRC	Medium term lease ; Commercial
China Taiping Finance Centre, North Point, Hong Kong, the PRC	Medium term lease ; Commercial
China Taiping Tower, Causeway Bay, Hong Kong, the PRC	Medium term lease ; Commercial

## STAFF AND STAFF REMUNERATION

As at 31 December 2025, the Group had a total of 57,951 employees (2024: 62,266 employees), a decrease of 4,315 employees. Total staff costs (excluding retirement plans contributions) for the Year amounted to HK\$13.496 billion (2024: HK\$14.215 billion), with a decrease of 5.1%. Bonuses are linked to both the performance of the Group and the performance of the individual.

## CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as at 31 December 2025.

## OUTLOOK

### **Meticulously Charting the Course for a New Journey, Comprehensively Embark Upon a New Chapter of High-quality Development in the “15<sup>th</sup> Five-Year Plan”**

The next five years represent a critical period for China in laying a solid foundation and making comprehensive efforts towards the basic realisation of socialist modernisation. Strategic opportunities coexist with risks and challenges, while unpredictable factors are on the rise. China Taiping will resolutely seize this window of opportunity, keenly capitalise on national strategic prospects and industry transformation dividends, consolidate and expand its strengths, overcome bottlenecks and constraints, and address weaknesses and shortcomings. It will steadfastly maintain high-quality development as its core focus, intensify efforts to strengthen internal capabilities and enhance quality and efficiency, continuously reinforce the core functions of insurance and elevate its core competitiveness, striving to build itself into a first-class insurance group.

2026 marks the commencement of the “15<sup>th</sup> Five-Year Plan”. China Taiping will adhere to the general principle of pursuing progress while ensuring stability. The Group will focus on resolutely implementing the decisions and deployments of the Central Government, focus on coordinating development and security; focus on strengthening the core responsibilities and principal businesses, and focus on diligently honing internal capabilities to enhance quality and efficiency, strive to achieve new breakthroughs in high-quality development. Concentrating on core responsibilities and principal business, we shall leverage the role of insurance to serve the broader national agenda with greater resolve and effectiveness, diligently advance the “Five Target Areas” of finance and steadfastly fulfil our responsibilities as a central financial enterprise based in Hong Kong. Strengthening risk control and compliance management, we shall uphold the bottom line of risk and compliance while balancing development and security. We will intensify efforts to enhance quality and efficiency, deepen the value transformation of insurance operations, comprehensively elevate investment expertise and capabilities, prudently advance internationalisation, strengthen asset-liability management, and fully drive digital and intelligent transformation. Reforms will be deepened to stimulate internal momentum, with institutional and mechanism reforms being implemented effectively to continuously enhance competitive advantages in ecosystem development and integrated synergy, so as to achieve effective qualitative improvement and reasonable quantitative growth in business development.

#### **PRC Domestic Life Insurance Business – TPL**

- Seizing new opportunities in industry development, TPL will align closely with regulatory policy directions, comprehensively deepen reforms, reshape core competitiveness, and consolidate the foundations for sustainable development.
- Focus on areas such as culture, expertise, talent, technology, and innovation. Proactively serve national strategies. Strengthen the cultural framework; deepen cost reduction and efficiency enhancement while advancing product diversification, establishing a new marketing model centered on customer needs to accelerate the formation of distinctive competitive advantages; drive team reforms to unleash organisational vitality; develop full-scenario technology applications to boost operational quality and efficiency; reinforce market and innovation oriented approaches to enhance corporate competitiveness.

## **OUTLOOK (Continued)**

### **PRC Domestic Property and Casualty Insurance Business – TPI**

- On motor insurance, TPI will adhere to a profitability-first principle and continue to enhance risk screening and pricing capabilities. Benchmarking against the market, TPI will continue to optimise business structure and the quality of new energy vehicle insurance business, and maintain steady growth in motor insurance premiums while achieving underwriting profitability.
- On non-motor insurance, TPI will accelerate the development of technology insurance, green insurance, inclusive insurance to support the real economy and social security protection, at the same time, efforts will be made to implement “Aligning Sales Practices with Regulatory Filings” for non-motor insurance, enhance the value contribution of profitable products, strengthen specialised risk control and underwriting & claim capabilities, deepen risk reduction management, and continue to pursue cost reduction and efficiency enhancement.

### **Pension Business – TPP**

- TPP will focus on the principal pension business, continue to expand the scale of assets under management for annuity, prioritise the implementation of major projects in annuity trustee services business, accelerate the development in pension investment operations, and direct efforts towards developing commercial pension business through key channels.

### **Overseas Life Insurance Business – TPL (HK), TPL (Macau) and TP Singapore**

- TPL (HK) will steadily advance its value transformation, continue to optimise its business structure, and strengthen asset-liability management and risk management.
- TPL (Macau) will continue to consolidate and enhance the value contribution of bancassurance channel, actively prepare for pension and Central Provident Fund business, and intensify efforts to drive long-term policy sales.
- TP Singapore’s life insurance business will advance towards a capital self-sustaining, value-driven model through optimising product structures, and accelerate its transition towards high-quality development.

## **OUTLOOK** *(Continued)*

### **Overseas Property and Casualty Insurance Business – CTPI (HK), TP Macau, TP UK, TP Luxembourg, TP Singapore and TP Indonesia**

- CTPI (HK) will advance digital transformation and technological innovation, continue to consolidate its core business while accelerating expansion into emerging sectors, deepen its service to the interconnected development of the Guangdong-Hong Kong-Macau Greater Bay Area, and maintain steady business development.
- TP Macau will deepen its roots in the Macau market, focus on major project development to further enrich its product portfolio, enhance service capabilities, and consolidate its market leading position.
- TP UK will continue to enhance risk and compliance management, optimise business structure, expand its collaborative network, and actively pursue overseas Chinese communities and Chinese enterprises high-quality business opportunities.
- TP Luxembourg will strengthen its product development capabilities, enhance its specialised service levels, and actively explore the Chinese client markets in Europe.
- TP Singapore will fulfill its role in serving Chinese enterprises “Going Global” and supporting local economic and social development, prioritise quality and efficiency, continue to optimise business structure, maintain underwriting profitability to achieve steady business growth.
- TP Indonesia will continue to solidify its foundation in serving Chinese corporate clients, improve local business quality and enhance overall profitability, driving balanced and sustainable business development.

### **Reinsurance Business – TPre, TPre (China) and TPRB**

- TPre will grasp the cyclical changes in the global reinsurance market, continue to optimise business structure, fully support the development of Hong Kong as an international risk management center, consolidate and enhance its market’s position, strengthen its catastrophe risk pricing and management capabilities, solidify the foundation for underwriting profitability.
- TPre (China) will proactively respond to the PRC domestic non-life insurance market changes, focus on specialised, refined and distinctive development, drive the steady development of the Shanghai reinsurance operations center, and continue to enhance innovation capability and profitability.
- TPRB will continue to enhance its professional service capabilities, deepen collaborations with external clients, refine reinsurance services, and steadily promote the development of life insurance brokerage business.

## OUTLOOK (Continued)

### INVESTMENT

The Group will leverage the advantages of our Hong Kong headquarter, actively support the development of the Guangdong-Hong Kong-Macau Greater Bay Area, and support the consolidation and enhancement of Hong Kong as an international financial centre. We will make full use of the advantages of insurance funds as long term and patient capital to serve as a ballast and stabiliser for the capital markets, meanwhile optimising industrial investment layouts around the insurance industry to promote a virtuous cycle for the combined development of insurance, investment and the greater business ecosystem.

The Group will adhere to the philosophy of “Long-term Investment, Value Investment and Responsible Investment”, continuously enhancing its investment capabilities and strengthening risk prevention and control measures. We will pay close attention to domestic and international macro policies and capital market changes, build a stable and prudent investment portfolio, and respond to the challenges of the domestic interest rate environment through effective asset-liability management, so as to stabilise long-term investment returns.

- TPAM will optimise its investment management mechanisms, strengthen its research support system, refine its asset class investment strategies, conduct thorough performance attribution analysis, and implement policy requirements to further increase allocations to high-quality equities while enhancing the return contribution from alternative assets.
- TPCA will accelerate the transformation of its alternative investments, increase the scale of capital drawdowns within the Group, and continuously optimise the investment operations of fund projects such as the Medical and Health Fund and the Innovation and Technology Fund.
- TPIM will strengthen the synergies between insurance sales and elder care residential certifications, improve occupancy rate and service capabilities for elder care communities, and promoted revenue growth and cost savings in real estate projects.
- TP Fund will focus on launching key new products and transforming existing funds, deepen channel partnerships, expand retail market reach, and increase third-party asset management scale.
- TPFH will actively participate in Hong Kong’s development as an international financial centre, provide robust support for Hong Kong’s economic and social development, and proactively attract third-party capital.
- TSFL will deepen its transformation, concentrate on strategic emerging industries and other key sectors, and deliver value through investment returns.

## **EMBEDDED VALUE**

### **BACKGROUND**

The Group consists of three major business segments: the life insurance business, property and casualty insurance business and reinsurance business. The Group also has other companies and operations in the areas of investment holding, asset management, pensions and other businesses. The life insurance segment operated by TPL, a 75.1%-owned subsidiary, is a significant part of the Group in terms of gross premiums written, total assets and profitability. In order to provide investors with additional information to evaluate the profitability and valuation of TPL, the Group discloses the Embedded Value and New Business Value of TPL in its Annual and Interim Results Announcements. The Embedded Value consists of the shareholders' adjusted net worth plus the present value of future expected cash flows to shareholders from the in-force business, less the costs of holding regulatory solvency capital to support the in-force business. The New Business Value represents an actuarially determined estimate of the economic value arising from the new life insurance business issued during the past one year.

The Group's other business segments (including property and casualty insurance, reinsurance and pension and group life insurance) (collectively, "Other Core Operations") continue to develop well. To provide investors with further information on these operations, the Group also discloses the Group Embedded Value. The Group Embedded Value is defined as the Adjusted Net Worth of the Other Core Operations plus the Embedded Value of TPL. The Adjusted Net Worth of the Other Core Operations is determined by Hong Kong Financial Reporting Standards, with marked-to-market and goodwill adjustments. Please note that the Group Embedded Value calculation does not include any valuation for future new business.

### **BASIS OF PREPARATION**

The Group has appointed KPMG Advisory (China) Limited ("KPMG Advisory") to examine whether the methodology and assumptions used by TPL in the preparation of the Embedded Value and the New Business Value as at 31 December 2025 complied with the valuation standard requirements, general actuarial principles and relevant laws and regulations, and are consistent with available market information. KPMG Advisory has also examined the adjustment steps used by the Group for the adjusted net worth of its other core businesses in preparing the Group Embedded Value.

### **CAUTIONARY STATEMENT**

The calculations of Embedded Value and the New Business Value of TPL 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 Group Embedded Value is also based on certain assumptions, and should not be viewed as the only benchmark for evaluating and valuing the businesses and operations of the Group. From an investor's perspective, the valuation of CTIH is measured by the stock market price of the Company's shares on any particular day. In valuing CTIH's shares, investors should take into account not only the Embedded Value and the New Business Value of TPL and the Group Embedded Value, but also various other considerations. In addition, TPL is 75.1%-owned by the Company. The Embedded Value and the New Business Value of TPL as at 31 December 2025 as disclosed below should therefore not be applied 100% in valuing CTIH. Investors are advised to pay particular attention to this factor, as well as the other assumptions underlying the calculations of the Embedded Value and New Business Value of TPL and the Group Embedded Value, if they believe such calculations are important and material to the valuation of the Company.

## EMBEDDED VALUE *(Continued)*

### Group Embedded Value

At 31 December, HK\$ million

	2025	2024
Adjusted Net Worth <sup>1</sup>	222,205	182,917
Value of in-force business before cost of capital for TPL	133,385	121,124
Cost of capital for TPL	(74,987)	(69,816)
Group Embedded Value	280,603	234,224
Attributable to:		
Owners of the Company	209,519	174,577
Non-controlling interests	71,084	59,647
Group Embedded Value	280,603	234,224

Note: Figures may not match totals due to rounding (similarly hereinafter).

<sup>1</sup> The adjusted net worth is based on CTIH's audited net asset value, after making the following major adjustments:

- i Goodwill and intangible assets produced during consolidation have been deducted;
- ii Adjustment for after-tax difference between market value and book value of assets; and
- iii Adjustment for after-tax difference between provisions and valuation-related liabilities.

<sup>2</sup> The economic assumptions used to calculate the embedded value at 31 December 2025 were with those as at 31 December 2024.

Group Embedded Value measured in RMB at 31 December 2025 was RMB253.446 billion (31 December 2024: RMB216.901 billion).

## EMBEDDED VALUE (Continued)

### TPL's Embedded Value

#### 1 EMBEDDED VALUE

*At 31 December, HK\$ million*

	2025	2024
Adjusted net worth	<b>186,118</b>	155,443
Value of in-force business before cost of capital	<b>133,385</b>	121,124
Cost of capital	<b>(74,987)</b>	(69,816)
Embedded Value	<b>244,516</b>	206,751
Attributable to:		
Owners of the Company	<b>183,632</b>	155,270
Non-controlling interests	<b>60,884</b>	51,481
Embedded Value	<b>244,516</b>	206,751

Embedded Value measured in RMB at 31 December 2025 was RMB220.852 billion (31 December 2024: RMB191.460 billion), among them, the adjusted net worth was RMB168.106 billion (31 December 2024: RMB143.947 billion).

## EMBEDDED VALUE (Continued)

### TPL's Embedded Value (Continued)

#### 2 NEW BUSINESS VALUE

*HK\$ million*

	For the Past 12 Months as at 31 December 2025	For the Past 12 Months as at 31 December 2024
New Business Value before cost of capital	11,324	13,940
Cost of capital	(1,735)	(4,837)
New Business Value after cost of capital	<b>9,589</b>	9,103

New Business Value measured in RMB for 2025 was RMB8.661 billion (2024: RMB8.430 billion).

New business margin of TPL for 2025 was 21.3% (2024: 20.7%); from which the new business margin for individual business was 22.0% (2024: 20.6%); new business margin for bancassurance business was 20.3% (2024: 20.8%).

New Business Value by line of business was as follows:

*HK\$ million*

	For the Past 12 Months as at 31 December 2025	For the Past 12 Months as at 31 December 2024
Individual	5,857	5,481
Bancassurance	3,359	3,179
Others <sup>1</sup>	373	443
	<b>9,589</b>	9,103

<sup>1</sup> Others mainly consists of channel business such as internet & telemarketing and group insurance.

## EMBEDDED VALUE *(Continued)*

### TPL's Embedded Value *(Continued)*

#### 3 MOVEMENT ANALYSIS OF EMBEDDED VALUE

The following analysis shows the movement of the Embedded Value to 31 December 2025.

	<i>notes</i>	<b><i>HK\$ million</i></b>
Embedded Value as at 31 December 2024		206,751
Expected return on Embedded Value	<i>a</i>	13,792
New Business Value	<i>b</i>	9,589
Minimum capital dispersion effect	<i>c</i>	1,248
Operational assumption and model change	<i>d</i>	(1,087)
Other experience variance and exchange rate impact etc.	<i>e</i>	17,820
Capital injection or dividend to shareholders	<i>f</i>	(3,597)
Embedded Value as at 31 December 2025		244,516

*notes:*

- (a) Return on value of in-force business plus expected interest on adjusted net assets.
- (b) New business contribution from sales of new business in the year of 2025.
- (c) Minimum capital dispersion effect refers to the difference caused by the different evaluation level of cost of capital under C-ROSS embedded value framework. Cost of capital of new business is evaluated on the policy level while cost of capital of in-force business is evaluated on the company level.
- (d) Operational assumption and model change.
- (e) Including differences between the actual experience and expected experience for investment return, dividend, mortality, morbidity, lapses, expenses, income tax and the effect from reinsurance contracts and assumption changes, as well as impact of tax policies, exchange rate impact arising from the exchange rate of the RMB etc.
- (f) Dividend to shareholders in 2025.

## **EMBEDDED VALUE** *(Continued)*

### **TPL's Embedded Value** *(Continued)*

#### **4 KEY ASSUMPTIONS**

TPL has adopted the best estimate approach in setting the assumptions used in the calculation of its Embedded Value and New Business Value. The assumptions have been based on the actual experience of TPL and certain benchmarks set by referencing general PRC economic conditions and the experience of other life insurance companies.

##### **4.1 Risk discount rate**

The risk discount rate represents the long-term, post-tax cost of capital of the investor for whom the valuation is made, together with an allowance for risk, taking into account of factors such as the political and economic environment in the PRC.

As calculated, the discount rate is equal to the risk-free rate plus a risk premium. The risk free rate is based on the PRC ten-year government bond and the risk premium reflects the risk associated with future cash flows, including all of the risks which have not been considered in the valuation.

The risk discount rate currently applied by TPL is 8.5% (2024:8.5%) for all in force and new business.

##### **4.2 Investment return**

The annual investment returns have been assumed to be 4.0% (2024: annual investment returns assumed to be 4.0%).

##### **4.3 Expenses**

Expenses have been projected based on benchmark assumptions.

##### **4.4 Tax**

The tax rate is assumed to be 25% according to the tax regulations of the PRC.

## **EMBEDDED VALUE** *(Continued)*

### **TPL's Embedded Value** *(Continued)*

#### **4 KEY ASSUMPTIONS** *(Continued)*

##### **4.5 Mortality**

The experience mortality rate is calculated based on the product characteristics and the characteristics of the insured population, using 70% of the China Life Insurance Mortality Table

##### **4.6 Morbidity**

The morbidity rate assumptions have been set with reference to actual experience and distinguished between types of insurance.

##### **4.7 Claim ratio**

The claim ratio assumptions for short-term insurance business have been set with reference to actual experience and distinguish between channels and types of insurance.

##### **4.8 Lapses**

The lapse assumptions have been based on TPL's actuarial pricing assumptions and adjusted to reflect the results of its recent experience studies.

##### **4.9 Required capital**

The required capital has been based on 100% of the minimum solvency margin (2024: 100%).

## EMBEDDED VALUE *(Continued)*

### TPL's Embedded Value *(Continued)*

#### 5 SENSITIVITY TESTING

Sensitivity testing in respect of the following key assumptions are summarised below:

*At 31 December 2025, HK\$ million*

<b>Assumptions</b>	<b>Embedded value</b>	<b>New business value after cost of capital</b>
<b>Base scenario</b>	<b>244,516</b>	<b>9,589</b>
10% increase in investment return and risk discount rate	265,196	10,029
10% decrease in investment return and risk discount rate	219,736	9,047
10% increase in mortality rates	243,343	9,516
10% decrease in mortality rates	245,700	9,665
10% increase in morbidity rates	240,084	9,544
10% increase in lapse rates	248,601	9,645
10% decrease in lapse rates	240,247	9,537
10% increase in expense ratio assumption	242,784	9,423

**Consolidated Statement of Profit or Loss**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	Notes	2025 \$'000	2024 \$'000
Insurance revenue	4	112,267,068	111,267,759
Insurance service expenses	10	(86,830,225)	(86,432,636)
Net expenses from reinsurance contracts held		(1,437,069)	(2,811,029)
<b>Insurance service results</b>		<b>23,999,774</b>	<b>22,024,094</b>
Interest revenue	6	41,596,477	40,239,750
Financial assets not measured at fair value through profit or loss		32,714,087	30,064,493
Financial assets measured at fair value through profit or loss		8,882,390	10,175,257
Other investment return	7	23,392,607	24,970,928
Net impairment loss on financial assets	8	(213,587)	(1,332,088)
Share of results of associates and joint ventures		2,050,389	2,664,685
<b>Investment return</b>	5(a)	<b>66,825,886</b>	<b>66,543,275</b>
Finance expenses from insurance contracts issued	5(b)	(52,518,885)	(61,035,012)
Finance income from reinsurance contracts held	5(c)	350,623	387,959
Net changes in investment contract liabilities	5(d)	(74,649)	(65,049)
<b>Net investment results</b>		<b>14,582,975</b>	<b>5,831,173</b>
Other income	9	5,785,764	4,647,209
Other operating expenses	10	(8,456,183)	(6,917,399)
Other finance costs	11(a)	(2,466,600)	(3,457,378)
<b>Profit before taxation</b>	11	<b>33,445,730</b>	<b>22,127,699</b>
Income tax credit/(charges)	14	3,181,287	(9,329,863)
<b>Profit after taxation</b>		<b>36,627,017</b>	<b>12,797,836</b>
<b>Attributable to:</b>			
Owners of the Company		27,059,279	8,431,613
Non-controlling interests		9,567,738	4,366,223
		<b>36,627,017</b>	<b>12,797,836</b>
<b>Earnings per share attributable to the ordinary shareholders</b>	15	<b>dollars</b>	<b>dollars</b>
Basic		7.251	2.068
Diluted		7.251	2.068

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	2025 \$'000	2024 \$'000
<b>Profit after taxation</b>	<b>36,627,017</b>	12,797,836
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation gain arising from reclassification of own-use properties to investment properties, net of deferred tax	51,897	79,610
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	3,123,221	(2,431,731)
Changes in the fair value of equity investments at fair value through other comprehensive income, net of deferred tax	3,904,489	4,710,515
Finance expenses from insurance contracts issued, net of deferred tax	(10,498)	(17,213)
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Exchange differences on translation of the financial statements of foreign operations	121,224	(69,346)
Changes in the fair value of debt investments at fair value through other comprehensive income, net of deferred tax	(32,202,300)	58,261,112
Finance expenses from insurance contracts issued, net of deferred tax	23,366,399	(80,182,811)
Finance income from reinsurance contracts held, net of deferred tax	75,189	35,146
Share of other comprehensive income of associates and joint ventures, net of deferred tax	(219,468)	185,837
Total comprehensive income for the year	<b>34,837,170</b>	<b>(6,631,045)</b>
<b>Attributable to:</b>		
Owners of the Company	25,707,197	(5,830,321)
Non-controlling interests	9,129,973	(800,724)
	<b>34,837,170</b>	<b>(6,631,045)</b>

## Consolidated Statement of Financial Position

as at 31 December 2025

(Expressed in Hong Kong dollars)

	Notes	At 31 December 2025 \$'000	At 31 December 2024 \$'000
<b>Assets</b>			
Statutory deposits	17	6,527,578	6,430,618
Fixed assets			
- Property and equipment	18	40,402,413	39,871,354
- Investment properties	19	23,662,636	22,829,108
- Right-of-use assets	20	4,426,316	6,263,500
		<b>68,491,365</b>	<b>68,963,962</b>
Goodwill	21	353,824	352,587
Intangible assets	21	264,132	261,408
Interests in associates and joint ventures	23	12,480,116	28,918,673
Deferred tax assets	24	14,512,962	8,495,132
Financial investments	25		
- At fair value through profit or loss		476,555,448	449,973,516
- At amortised cost		92,991,233	112,160,533
- Debt investments at fair value through other comprehensive income		1,027,695,277	828,786,139
- Equity investments at fair value through other comprehensive income		77,832,605	51,396,341
Securities purchased under resale agreements	26	5,673,005	2,005,621
Amounts due from group companies	27	1,313,071	1,312,476
Insurance contract assets	28	721,593	870,982
Reinsurance contract assets	28	13,515,217	10,793,568
Finance lease receivables	29	41,027,256	44,903,617
Other assets	30	20,265,672	12,435,180
Pledged and restricted bank deposits	31	1,120,870	1,226,236
Deposits at banks with original maturity more than three months		70,885,178	60,666,843
Cash and cash equivalents	32	54,360,241	44,388,582
		<b>1,986,586,643</b>	<b>1,734,342,014</b>
<b>Liabilities</b>			
Insurance contract liabilities	28	1,555,589,282	1,413,410,381
Reinsurance contract liabilities	28	169,072	93,082
Investment contract liabilities	33	25,591,743	20,379,713
Deferred tax liabilities	24	1,835,968	1,871,363
Interest-bearing notes	34	13,290,101	10,813,422
Bank borrowings	35	64,405,586	69,872,231
Lease liabilities		1,242,949	1,437,899
Securities sold under repurchase agreements	26	106,731,701	46,683,213
Amounts due to group companies	27	17,500	22,146
Other payables and accruals	36	52,278,931	46,773,159
Current taxation		640,863	577,955
		<b>1,821,793,696</b>	<b>1,611,934,564</b>
<b>Net assets</b>		<b>164,792,947</b>	<b>122,407,450</b>

**Consolidated Statement of Financial Position (Continued)**

*as at 31 December 2025*

*(Expressed in Hong Kong dollars)*

	<i>Notes</i>	<b>At 31 December 2025 \$'000</b>	At 31 December 2024 \$'000
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	38	<b>40,771,408</b>	40,771,408
Reserves	39	<b>54,383,476</b>	30,309,000
		<b>95,154,884</b>	71,080,408
Perpetual subordinated capital securities	40	<b>15,987,263</b>	15,990,486
		<b>111,142,147</b>	87,070,894
<b>Non-controlling interests</b>		<b>53,650,800</b>	35,336,556
<b>Total equity</b>		<b>164,792,947</b>	122,407,450

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

Attributable to owners of the Company												
Notes	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Insurance finance reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Ordinary shareholders sub-total \$'000	Perpetual subordinated capital securities \$'000	Non-controlling interests \$'000	Total \$'000
Balance at 1 January 2025	40,771,408	(5,618,303)	(6,842,218)	(7,854,208)	80,084,469	(121,936,408)	1,639,954	90,835,714	71,080,408	15,990,486	35,336,556	122,407,450
Profit for the year	-	-	-	-	-	-	-	27,059,279	27,059,279	-	9,567,738	36,627,017
Other comprehensive income for the year, net of deferred tax	-	-	-	2,557,194	(21,439,343)	17,478,903	51,164	-	(1,352,082)	-	(437,765)	(1,789,847)
Total comprehensive income	-	-	-	2,557,194	(21,439,343)	17,478,903	51,164	27,059,279	25,707,197	-	9,129,973	34,837,170
Dividend declared to shareholders	-	-	-	-	-	-	-	(1,257,906)	(1,257,906)	-	-	(1,257,906)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,205,683)	(1,205,683)
Deemed Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	478,064	478,064
Acquisition of partial interests in subsidiaries	-	(18,336)	-	-	-	-	-	-	(18,336)	-	6,442	(11,894)
Issuance of shares by a subsidiary	-	641,154	-	-	-	-	-	-	641,154	-	549,032	1,190,186
Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	9,752,609	9,752,609
Distribution to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	(997,633)	(997,633)	997,633	-	-
Declared to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	-	(1,000,856)	(396,193)	(1,397,049)
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(254,609)	-	-	254,609	-	-	-	-
Balance at 31 December 2025	40,771,408	(4,995,485)	(6,842,218)	(5,297,014)	58,390,517	(104,457,505)	1,691,118	115,894,063	95,154,884	15,987,263	53,650,800	164,792,947

Note: The nature or purpose of reserves are disclosed in Note 39(a).

**Consolidated Statement of Changes in Equity (Continued)**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

Attributable to owners of the Company													
Notes	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Insurance finance reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Ordinary shareholders sub-total \$'000	Perpetual subordinated capital securities \$'000	Non-controlling interests \$'000	Total \$'000	
Balance at 1 January 2024	40,771,408	(5,618,303)	(6,842,218)	(5,962,339)	32,151,963	(61,414,865)	1,562,384	84,340,080	78,988,110	15,991,524	37,616,020	132,595,654	
Profit for the year	-	-	-	-	-	-	-	8,431,613	8,431,613	-	4,366,223	12,797,836	
Other comprehensive income for the year, net of deferred tax	-	-	-	(1,891,869)	48,073,908	(60,521,543)	77,570	-	(14,261,934)	-	(5,166,947)	(19,428,881)	
Total comprehensive income	-	-	-	(1,891,869)	48,073,908	(60,521,543)	77,570	8,431,613	(5,830,321)	-	(800,724)	(6,631,045)	
Dividend declared to shareholders	16	-	-	-	-	-	-	(1,078,206)	(1,078,206)	-	-	(1,078,206)	
Dividend declared by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,080,447)	(1,080,447)	
Distribution to holders of perpetual subordinated capital securities	40	-	-	-	-	-	-	(999,175)	(999,175)	999,175	-	-	
Declared to holders of perpetual subordinated capital securities	40	-	-	-	-	-	-	-	-	(1,000,213)	(398,293)	(1,398,506)	
Disposal of equity investments at fair value through other comprehensive income	25(ii)	-	-	-	(141,402)	-	-	141,402	-	-	-	-	
Balance at 31 December 2024		<u>40,771,408</u>	<u>(5,618,303)</u>	<u>(6,842,218)</u>	<u>(7,854,208)</u>	<u>80,084,469</u>	<u>(121,936,408)</u>	<u>1,639,954</u>	<u>90,835,714</u>	<u>71,080,408</u>	<u>15,990,486</u>	<u>35,336,556</u>	<u>122,407,450</u>

Note: The nature or purpose of reserves are disclosed in Note 39(a).

**Consolidated Statement of Cash Flows**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2025</b> <b>\$'000</b>	2024 \$'000
<b>Operating activities</b>			
Profit before taxation		<b>33,445,730</b>	22,127,699
Adjustments for:			
- Depreciation of property and equipment	<i>11</i>	<b>2,710,058</b>	2,245,560
- Amortisation of intangible assets	<i>11</i>	<b>949</b>	-
- Depreciation of right-of-use assets	<i>11</i>	<b>830,321</b>	939,935
- Deficit on revaluation of investment properties	<i>7</i>	<b>1,586,514</b>	778,581
- Other finance costs	<i>11</i>	<b>2,466,600</b>	3,457,378
- Dividend income	<i>7</i>	<b>(8,528,398)</b>	(6,569,250)
- Interests income	<i>6</i>	<b>(41,596,477)</b>	(40,239,750)
- Share of results of associates and joint ventures		<b>(2,050,389)</b>	(2,664,685)
- Gains on disposal of interest in associates	<i>7</i>	<b>(1,594,148)</b>	(48,320)
- Net losses on disposal of property and equipment	<i>9</i>	<b>4,213</b>	46,904
- Net losses/(gains) from financial investments		<b>(16,330,797)</b>	(21,896,896)
- Recognition of impairment losses on property and equipment	<i>9</i>	<b>50,774</b>	30,077
- Net impairment loss on financial assets	<i>8</i>	<b>213,587</b>	1,332,088
- Reversal of impairment losses on finance lease receivables	<i>9</i>	<b>(279,871)</b>	(283,780)
- Recognition of impairment losses on other assets	<i>9</i>	<b>1,199,357</b>	645,797
- Recognition of impairment losses on interest in associates and joint venture	<i>7</i>	<b>2,270,816</b>	3,463,161
<b>Operating loss before changes in working capital</b>		<b>(25,601,161)</b>	(36,635,501)

**Consolidated Statement of Cash Flows (Continued)**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	2025 \$'000	2024 \$'000
Change in insurance contract assets/liabilities	138,766,142	136,155,636
Decrease/(increase) in other assets	(7,474,565)	(2,515,883)
Decrease/(increase) in finance lease receivables	4,381,667	6,432,606
Change in reinsurance contract assets/liabilities	(2,367,579)	327,367
Increase/(decrease) in bank borrowings for finance lease receivables	(5,079,076)	2,847,279
Increase in investment contract liabilities	4,657,439	14,679,039
Increase/(decrease) in other payables and accruals	2,599,870	5,183,875
<b>Cash generated from operations</b>	<b>109,882,737</b>	<b>126,474,418</b>
<b>Income tax paid</b>	<b>(1,053,219)</b>	<b>(525,062)</b>
<b>Net cash from operating activities</b>	<b>108,829,518</b>	<b>125,949,356</b>

**Consolidated Statement of Cash Flows (Continued)**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	2025 \$'000	2024 \$'000
<b>Investing activities</b>		
Decrease/(increase) in pledged and restricted bank deposits	105,366	1,186,061
Decrease/(increase) in statutory deposits	16,606	(363,779)
Decrease/(increase) in deposits at banks with original maturity more than three months	(8,570,656)	(17,555,168)
Decrease/(increase) in amounts due from group companies	(595)	770
Payment for purchase of financial investments	(722,534,926)	(553,326,979)
Proceeds from redemption of financial investments	526,190,412	419,256,849
Decrease/(increase) in securities purchased under resale agreements	(3,567,723)	5,033,010
Increase in securities sold under repurchase agreements	59,734,874	18,206,297
Interests income received	39,252,333	37,439,852
Dividend income received	7,552,804	5,761,418
Payment for purchase of property and equipment	(5,430,086)	(9,711,595)
Proceeds from sale of property and equipment	1,276,911	1,367,519
Payment for purchase of investment properties	(15,107)	(21,543)
Proceeds from sale of investment properties	1,437	-
Considerations for acquisition of additional interest from NCI	(11,894)	-
Payment for purchase of associates and joint ventures	(1,428,315)	(4,424,634)
Dividend received from associates and joint ventures	985,252	1,087,242
Sale proceeds from disposal of associates and joint ventures	4,859,893	433,410
Cash outflow from deemed disposal of a subsidiary	(111,200)	-
<b>Net cash used in investing activities</b>	<b>(101,694,614)</b>	<b>(95,631,270)</b>

**Consolidated Statement of Cash Flows (Continued)**  
for the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2025</b> <b>\$'000</b>	2024 \$'000
<b>Financing activities</b>			
Increase/(decrease) in amounts due to group companies		(4,646)	5,507
Proceeds from interest-bearing notes issued		2,182,882	3,291,675
Redemption of interest-bearing notes		-	(20,441,304)
Proceeds from bank borrowings		100,000	-
Repayment of bank borrowings		(1,700,000)	(3,000,000)
Repayment of the lease liabilities		(1,135,758)	(900,379)
Proceeds from perpetual capital securities issued		9,752,609	-
Dividend paid to holders of perpetual subordinated capital securities		(1,397,049)	(1,398,506)
Capital injections made to a subsidiary by non-controlling interests	36	-	1,179,517
Dividend paid by subsidiaries to non-controlling interests		(1,205,683)	(1,080,447)
Interest paid		(3,549,791)	(4,488,535)
Dividend paid	16	(1,257,906)	(1,078,206)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,784,658</b>	<b>(27,910,678)</b>
<b>Effect of changes in exchange rates</b>		<b>1,052,097</b>	<b>(573,228)</b>
<b>Net increase in cash and cash equivalents</b>		<b>9,971,659</b>	<b>1,834,180</b>
<b>Cash and cash equivalents at 1 January</b>	32	<b>44,388,582</b>	<b>42,554,402</b>
<b>Cash and cash equivalents at 31 December</b>	32	<b>54,360,241</b>	<b>44,388,582</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Notes to the Consolidated Financial Statements**  
(Expressed in Hong Kong dollars)

**1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION**

**Material Accounting Policy Information**

**(a) Statement of compliance**

The Company is a limited liability company incorporated in Hong Kong, PRC and its shares are listed on the Stock Exchange of Hong Kong Limited. The address of the registered office of the Company is disclosed in the “Corporate Information” section to the announcement.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are disclosed in Note 22.

These financial statements have been prepared in accordance with HKFRS Accounting Standards and requirement of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the material accounting policies adopted by the Group are disclosed below.

The presentation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Note 48.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements comprise the Company and its subsidiaries.

The functional currency of the majority number of operating subsidiaries in the Group is RMB, the currency of the primary economic environment in which the respective entities in the Group operate. For the convenience of the consolidated financial statements users, the consolidated financial statements are presented in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value or measured primarily based on actuarial methods as explained in the accounting policies disclosed below:

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (b) Basis of preparation of the financial statements (Continued)

##### *Stated at fair value*

- (i) Investment properties;
- (ii) Financial investments at fair value through profit or loss;
- (iii) Debt investments at fair value through other comprehensive income;
- (iv) Equity investments at fair value through other comprehensive income; and
- (v) Certain investment contract liabilities.

##### *Measured primarily based on actuarial methods*

Insurance and reinsurance contract assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are discussed in Note 48.

#### (c) Insurance contracts

##### (i) Classification of insurance contracts

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to “Insurance Contracts” and “Reinsurance Contracts” include contracts issued, initiated or acquired by the Group, unless otherwise stated.

Some contracts issued by the Group have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are referred to as “Investment Contracts”. Investment contracts issued by the Group that contain discretionary participation features, whereby investors have the right and is expected to receive, as a supplement to the amount not subjected to the Group’s discretion, potential significant additional benefits based on the return of specified pools of assets, are accounted for under HKFRS 17 and applying the accounting treatments for insurance contracts. Investment contracts that do not contain discretionary participation features are classified as investment contracts and follow financial instrument accounting under HKFRS 9.

# 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Material Accounting Policy Information (Continued)

### (c) Insurance contracts (Continued)

#### (i) Classification of insurance contracts (Continued)

Insurance contracts are classified as contracts with direct participation features or contracts without direct participation features. Contracts with direct participation features are contracts for which, at inception:

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

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

#### (ii) Separating components from insurance and reinsurance contracts

At inception, the Group separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components, i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (iii) Significant insurance risk test

The Group performs significant insurance risk testing on insurance contract issued and reinsurance contracts held at the contract inception date.

In performing the significant insurance risk test, the Group determines that contracts that simultaneously meet the following conditions transfer significant insurance risk:

Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e. no discernible effect on the economics of the transaction). If an insured event could mean significant additional amounts would be payable in any scenario that has commercial substance, the condition in the previous sentence can be met even if the insured event is extremely unlikely, or even if the expected (i.e. probability-weighted) present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

In addition, a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

# 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Material Accounting Policy Information (Continued)

### (c) Insurance contracts (Continued)

#### (iv) Aggregation and recognition of insurance and reinsurance contracts

##### Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- for a group of contracts, when facts and circumstances indicate that the group becomes onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

##### Reinsurance contracts held

Reinsurance contracts held are similar to insurance contracts issued and are aggregated and recognised using the same way as insurance contracts issued, using assumptions consistent with the assumptions used for the measurement of underlying insurance contracts.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (iv) Aggregation and recognition of insurance and reinsurance contracts (Continued)

###### Reinsurance contracts held (Continued)

Reinsurance contracts held are divided, grouped and recognised on the following date:

- Reinsurance contracts initiated by the Group that provide proportionate coverage: The beginning of the coverage period of the group of reinsurance contracts held or date on which any underlying insurance contract is initially recognised if the date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- Other reinsurance contracts initiated by the Group: the beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

##### (v) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include insurance contracts that are expected to arise from renewals of those contracts in that group.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (vi) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

##### Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

##### Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

# 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Material Accounting Policy Information (Continued)

### (c) Insurance contracts (Continued)

#### (vii) Measurement of contracts not measured under the premium allocation approach

##### Insurance contracts - Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the contractual service margin (“CSM”). The fulfilment cash flows of a group of insurance contracts do not reflect the Group’s non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows, any cash flows arising at that date, and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

**1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION**  
(Continued)

**Material Accounting Policy Information** (Continued)

(c) **Insurance contracts** (Continued)

(vii) *Measurement of contracts not measured under the premium allocation approach*  
(Continued)

Insurance contracts - Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses and CSM (for contracts with direct participation features)

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (vii) Measurement of contracts not measured under the premium allocation approach (Continued)

The CSM of each group of contracts is calculated at each reporting date as follows:

##### Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

##### Insurance contracts with direct participation features

Insurance contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (vii) Measurement of contracts not measured under the premium allocation approach (Continued)

##### Insurance contracts with direct participation features (Continued)

When measuring a group of contracts with direct participation features, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
  - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items - e.g. the effect of financial guarantees.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (vii) Measurement of contracts not measured under the premium allocation approach (Continued)

###### Onerous contracts

###### *Onerous contracts at initial recognition*

If a group of insurance contracts is onerous at the date of initial recognition, or if additional loss caused by contracts added to the group of onerous contracts, the Group recognises a loss as insurance service expenses in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for remaining coverage for the group being equal to the fulfilment cash flows.

###### *Profitable contract group converts to onerous contract group*

A group of insurance contracts becomes onerous on subsequent measurement and the Group recognises the loss component of the liability for remaining coverage and insurance service expenses if the following amounts exceed the carrying amount of the CSM:

- Unfavourable changes in the FCF allocated to the group arising from changes in estimates of future cash flows relating to future service; and
- For a group of insurance contracts with direct participation features, the Group's share of a decrease in the fair value of the underlying items.

###### *Onerous contract group becomes less onerous or converts to profitable contract group*

The Group reverses the loss component of the liability for remaining coverage and insurance service expenses for the decrease of the estimates in fulfillment cash flow and non-financial risk adjustments relating to future services, and the Group's share of an increase in the fair value of the underlying items. If the decrease of the liability for remaining coverage exceeds the loss component amount, the CSM is recognised.

###### *Onerous contract group becomes more onerous*

The Group recognises the loss component of the liability for remaining coverage and insurance service expenses for:

- Unfavourable changes in the FCF allocated to the group arising from changes in estimates of future cash flows relating to future service; and
- For a group of insurance contracts with direct participation features, the Group's share of a decrease in the fair value of the underlying items.

**1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION**  
*(Continued)*

**Material Accounting Policy Information** *(Continued)*

**(c) Insurance contracts** *(Continued)*

*(vii) Measurement of contracts not measured under the premium allocation approach*  
*(Continued)*

*Onerous contracts* *(Continued)*

*Allocation of loss component*

After the Group has recognised a loss on an onerous group of insurance contracts, the Group allocates below changes of the liability for remaining coverage on a systematic basis between the loss component of the liability for remaining coverage and the liability for remaining coverage excluding the loss component:

- Estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage because of incurred insurance service expenses;
- Changes in the risk adjustment for non-financial risk recognised in profit or loss because of the release from risk;
- Insurance finance income or expenses.

Any amounts allocated to the loss component of the liability for remaining coverage shall not be recognised as insurance revenue.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (vii) Measurement of contracts not measured under the premium allocation approach (Continued)

###### Reinsurance contracts held

To measure a group of reinsurance contracts held, the Group applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications:

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises the fulfilment cash flows that relate to services that will be received under the contracts in future periods and any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts where applicable, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

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

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, any cash flows arising at that date, and any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of a group of reinsurance contracts, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

# 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Material Accounting Policy Information (Continued)

### (c) Insurance contracts (Continued)

#### (vii) Measurement of contracts not measured under the premium allocation approach (Continued)

##### Reinsurance contracts held (Continued)

- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (viii) Measurement of contracts measured under the premium allocation approach

The Group uses the premium allocation approach (“PAA”) to simplify the measurement of groups of contracts when the following criteria are met at inception.

- The coverage period of each contract in the group is one year or less; or the Group reasonably expects that the resulting measurement of the liability for remaining coverage would not differ materially from the result of applying the accounting policies for contracts not measured under the PAA.

##### Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has adjusted the liability for remaining coverage to reflect the time value of money and the effect of financial risks.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, to the extent that the fulfilment cash flows exceed the carrying amount of the liability for remaining coverage, the Group recognises a loss as insurance service expenses in profit or loss and increase the liability for remaining coverage.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (viii) Measurement of contracts measured under the premium allocation approach (Continued)

###### Insurance contracts (Continued)

The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

###### Reinsurance contracts held

The Group applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts held measured under the PAA, then the Group adjusts the carrying amount of the asset for remaining coverage.

###### *Derecognition and contract modification*

The Group derecognises a contract when it is extinguished - i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (ix) Presentation

##### Insurance contract assets and liabilities

Portfolios of insurance contracts in an asset position are presented separately from those in a liability position (no offsetting). Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

##### Insurance revenue

As the Group provides services under the group of insurance contracts, it reduces the liability for remaining coverage and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services. For contracts not measured under the PAA, insurance revenue comprises the following:

Amounts relating to the changes in the liability for remaining coverage:

- claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - amounts allocated to the loss component;
  - repayments of investment components;
  - amounts of transaction-based taxes collected in a fiduciary capacity; and
  - insurance acquisition expenses;
- changes in the risk adjustment for non-financial risk, excluding:
  - changes included in insurance finance income (expenses);
  - changes that relate to future coverage (which adjust the CSM); and
  - amounts allocated to the loss component;
- amounts of the CSM recognised for the services provided in the period;
- experience adjustments arising from premiums received in the period other than that relate to future service; and
- other amounts.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (ix) Presentation (Continued)

##### Insurance revenue (Continued)

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

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

##### Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses;
- insurance acquisition cash flows amortisation;
- changes that relate to past service (changes in the fulfilment cash flows relating to the liability for incurred claims); and
- changes that relate to future service (changes in the fulfilment cash flows that result in onerous contract losses or reversals of those losses).

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

# 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Material Accounting Policy Information (Continued)

### (c) Insurance contracts (Continued)

#### (ix) Presentation (Continued)

##### Net income/(expenses) from reinsurance contracts held

The Group recognises the reduction in the asset for remaining coverage because of services received from the reinsurer in the period as allocation of reinsurance premiums paid. The Group recognises the increase in the asset for incurred claims because of claims and expenses that are expected to be reimbursed in the period and any subsequent related changes in fulfilment cash flows as amount recovered from reinsurer.

The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and recoveries of insurance service expenses from reinsurer recognised in profit or loss excludes any investment components of the reinsurance contracts held.

For reinsurance contracts held measured under the PAA, the Group recognises the allocation of reinsurance premiums paid as following:

- Based on the passage of time over the coverage period of a group of contracts;
- If the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then based on the expected timing of incurred insurance service expenses.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (ix) Presentation (Continued)

###### Insurance finance income or expenses

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

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

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

- interest accreted on the fulfilment cash flows and the CSM; and
- the effect of changes in interest rates and other financial assumptions.

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

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

- interest accreted on the liability for incurred claims; and
- the effect of changes in interest rates and other financial assumptions.

For insurance contracts without direct participation features, the Group chooses to disaggregate insurance finance income or expenses for the period to include in insurance finance profit or loss an amount determined by the discount rate determined at the initial recognition of the group of contracts and reflecting the cash flow characteristics that do not vary based on the returns on underlying items of the expected total finance expenses from insurance contracts over the duration of the group of contracts.

For insurance contracts with direct participation features, the Group chooses to disaggregate insurance finance income or expenses for the period to include in profit or loss an amount that eliminates accounting mismatches with income or expenses included in profit or loss on the underlying items held.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (x) Interim financial statement choice

Estimates made by the Group in previous interim financial statements are not changed when applying HKFRS 17 in subsequent interim periods or in the annual financial statements. The Group adopt the cumulative catch up (year-to-date) method to update estimates from previous interim periods, and applies to all groups of insurance contracts issued and groups of reinsurance contracts held by the Group.

##### (xi) Transition

At transition date, identified as 1 January 2022, the Group has applied full retrospective approach to the extent practicable. To the extent where it was impracticable to use a full retrospective approach, the Group applied modified retrospective or the fair value approach as at transition date.

##### Contracts measured under the modified retrospective approach

The Group has applied the modified retrospective approach to certain groups of contracts at transition date, where the full retrospective approach has not been applied because it was impracticable but the closest possible outcome could have been achieved using reasonable and supportable information. The modified retrospective approach was applied as follows:

To the extent that reasonable and supportable information was not available to estimate future cash flows at initial recognition, future cash flows at the date of initial recognition of a group of insurance contracts were estimated as the future cash flows at the transition date, adjusted by the actual cash flows that have occurred between the transition (or earlier) date and the date of initial recognition.

The risk adjustment for non-financial risk was estimated at the transition date by adjusting the risk adjustment for non-financial risk at the transition date by the expected release of risk before the transition date.

The amount of the CSM for contracts without direct participation features recognised in profit or loss before transition date was determined by comparing the coverage units on initial recognition and the remaining coverage units at transition date.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (xi) Transition (Continued)

##### Contracts measured under the modified retrospective approach (Continued)

For the insurance contracts with direct participation features, a proxy for the CSM or loss component of the liability of remaining coverage at the transition date was calculated based on:

- the total fair value of the underlying assets at the transition date; minus
- the fulfilment cash flow at the date, adjusted for:
  - amounts charged to policyholders before that date;
  - amounts paid before the transition date that would not have varied based on the returns on the underlying items; and
  - the estimated release of the risk adjustment for non-financial risks before the transition date.

The calculated amount of the CSM was reduced for the allocation to profit or loss for services provided before the transition date by comparing the remaining coverage units as at the transition date with the coverage units provided under the group of contracts before the transition date. If the calculated amount of the CSM resulted in a loss component, then the Group adjusted the loss component to zero and increased the liability of remaining coverage excluding the loss component by the same amount at the transition date.

##### Contracts measured under the fair value approach

For all contracts measured under the fair value approach, the Group used reasonable and supportable information available as at transition date to determine:

- how to identify group of contracts; and
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts without direct participation features.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (c) Insurance contracts (Continued)

##### (xi) Transition (Continued)

##### Contracts measured under the fair value approach (Continued)

For groups of contracts measured under the fair value approach, discount rate at the date of initial recognition were determined at the transition date. Fulfilment cash flows were estimated prospectively as at the transition date.

The amount of CSM (or the loss component) for the contracts measured under the fair value approach as at transition date was determined as the difference between the fair value of the group of contracts at the date and the fulfilment cash flow at that date.

The insurance finance income and expense accumulated in insurance service reserve at transition date was determined to be zero except for contracts with direct participation features. For insurance contracts with direct participation features as equal to the cumulative amount recognised in other comprehensive income from the underlying items.

##### (xii) Investment contracts

Contracts issued by the Group that contain discretionary participation features are accounted for under HKFRS 17 and applying the accounting treatments for insurance contracts. Contracts that do not contain discretionary participation features are classified as “Investment Contracts” and follow financial instrument accounting under HKFRS 9.

#### (d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year, except those acquired under common control combinations for which merger accounting method is used, are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (d) Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

#### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 1(o)). The results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (e) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's investment in that associate or joint venture, including any other unsecured receivables, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (e) Associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in a former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate or joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associates or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (f) Business combinations and goodwill

##### (i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, if applicable, in accordance with the measurement basis specified in another standard.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (f) Business combinations and goodwill (Continued)

##### (ii) Acquisition of additional interests in subsidiaries

On acquisition of additional interests in subsidiaries, the difference between the cost of additional interest acquired and the decrease in the carrying amount of the non-controlling interest is recorded in capital reserve.

##### (iii) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combinations occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

##### (iv) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (f) Business combinations and goodwill (Continued)

##### (iv) Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

#### (g) Intangible Assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (Note 1(o)).

Other intangible assets, including trade marks and copy rights, and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(o)).

The estimated useful lives of intangible assets are set as below:

- Trade name	indefinite
- Trade marks and copy rights	10 years

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities

##### (i) Recognition and initial measurement

The Group recognises financial assets and liabilities on the date on which they are originated or on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument (including regular-way purchases and sales of financial assets).

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

##### (ii) Classification and subsequent measurement

###### *Financial assets*

###### Classification

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

##### *Financial assets (Continued)*

##### Classification (Continued)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Group elects to present changes in the fair value of certain equity investments that are not held for trading in other comprehensive income (“OCI”). The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Business model assessment

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

###### Financial assets (Continued)

###### Business model assessment (Continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

For a majority of debt investments, the objective of the Group's business model is to fund insurance contract liabilities. The Group undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Group determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Certain debt securities are held in separate portfolios for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

###### Financial assets (Continued)

###### Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money.

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Some prepayment features permit the debtor to prepay the debt instrument at an amount calculated as the remaining contractual cash flows discounted at the current market benchmark interest rate plus a fixed spread. The Group has determined that these prepayment features are consistent with the SPPI criterion. Because the Group would be compensated only for the change in the market benchmark interest rate and for lost interest margin, the prepayment penalty would not include any non-SPPI risks and may be seen as reasonable compensation.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

###### *Financial assets (Continued)*

###### Subsequent measurement and gains and losses

Financial assets at FVPL are measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

Debt investments at FVOCI are measured at fair value. Interest revenue calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are measured at fair value. Dividends are recognised as income in profit or loss when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest revenue, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

###### *Financial liabilities*

###### Classification

The Group classified its financial liabilities, other than financial guarantees, into one of the following categories:

- financial liabilities at FVPL, and within this category as:
  - held-for trading; or
  - designated as at FVPL;
- financial liabilities at amortised cost.

All investment contract liabilities without discretionary participation features and third party interests in consolidated funds have a unit-linking feature whereby the amount due to contract holders is contractually determined on the basis of specified assets. The effect of the unit-linking feature on the fair value of the liability is asset specific performance risk and not credit risk, and the liabilities are fully collateralised. The Group has determined that any residual credit risk is insignificant and has not had any impact on the fair value of the liabilities.

###### Subsequent measurement and gains and losses

Financial liabilities at FVPL are measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

Financial liabilities at amortised cost are measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

###### *Interest revenue and expense*

Interest revenue and expense are recognised in profit or loss using the effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The gross carrying amount of a financial asset is its amortised cost before adjusting for any loss allowance.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the asset, but not expected credit loss ("ECL"). If the financial asset has become credit-impaired subsequent to initial recognition, then interest revenue is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest revenue reverts to the gross basis.

For financial liabilities, interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (ii) Classification and subsequent measurement (Continued)

###### *Derivatives, including embedded derivatives*

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract.

##### (iii) Impairment

The Group recognises loss allowances for ECL on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECL for trade receivables arising that result from transactions that are within the scope of HKFRS 15.

Financial assets for which 12-month ECL are recognised are defined as “Stage 1”. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial assets for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are defined as “Stage 2”. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial assets for which lifetime ECL are recognised and that are credit-impaired are defined as “Stage 3”.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

###### *Measurement of ECL*

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

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (iii) Impairment (Continued)

###### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### (iv) Derecognition and contract modification

###### *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. For debt investments at FVOCI, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. The cumulative gain or loss on equity investments designated as at FVOCI is not reclassified to profit or loss.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are securities sold under repurchase agreements.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (iv) Derecognition and contract modification (Continued)

###### Financial assets (Continued)

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual cash flows rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

If a financial asset measured at amortised cost or FVOCI is modified but not substantially, then the financial asset is not derecognised. The Group recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (h) Financial assets and financial liabilities (Continued)

##### (iv) Derecognition and contract modification (Continued)

###### *Financial liabilities*

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notwithstanding the above, when, and only when, the Group repurchases its financial liability and includes it as an underlying item of contracts with direct participation features, the Group may elect not to derecognise the financial liability. Instead, the Group may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at FVPL. This election is irrevocable and is made on an instrument by-instrument basis.

If a financial liability measured at amortised cost is modified but not substantially, then it is not derecognised.

The Group recalculates the amortised cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognises any resulting adjustment to the amortised cost as a modification gain or loss in “Other Finance Costs” in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability.

###### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by a standard.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (i) *Securities purchased under resale agreements/securities sold under repurchase agreements*

Securities sold under repurchase agreements represent short-term financing arrangements secured by the securities sold. The securities remain in the consolidated statement of financial position and a liability is recorded in respect of the consideration received. Interest is calculated based upon the effective interest method. The “securities sold under repurchase agreements” liabilities are carried in the consolidated statement of financial position at amortised cost. Conversely, securities purchased under resale agreements represent short-term lending arrangements secured by the securities purchased. The securities purchased are not recognised as financial assets in the consolidated statement of financial position and the consideration paid is recorded as “securities purchased under resale agreements” and carried in the consolidated statement of financial position at amortised cost. Interest is calculated using the effective interest method.

#### (j) *Investment properties*

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the consolidated statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated statement of profit or loss. Rental income from investment properties is accounted for as described in Note 1(w)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it was held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

#### (k) *Property and equipment*

Property and equipment including buildings and leasehold land (classified as finance leases) held for use in supply of services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and impairment losses (Note 1(o)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.



## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (l) *Prepaid lease payments and buildings under construction (Continued)*

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “Prepaid Lease Payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### (m) *Other debtors and amounts due from group companies*

Other debtors and amounts due from group companies are initially recognised at fair value and thereafter stated at amortised cost using effective interest method less allowance for impairment (Note 1(h)(iii)), except the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment.

#### (n) *Amounts due to group companies*

Amounts due to group companies are initially recognised at fair value and thereafter stated at amortised cost using effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or, where appropriate, a shorter period to the net carrying amount of the liability on initial recognition.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (o) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired:

- property and equipment;
- investments in subsidiaries, associates and joint ventures;
- intangible asset; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible asset and goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

#### (i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

#### (ii) Recognition of impairment losses

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (o) Impairment of other assets (Continued)

##### (iii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of profit or loss in the year in which the reversals are recognised.

#### (p) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

#### (q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (r) *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

#### (s) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (t) *Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “Profit Before Tax” as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (t) *Income tax (Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets of such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (u) *Provisions and contingent liabilities*

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (w) *Revenue recognition*

##### (i) *Insurance revenue*

The accounting policies for the recognition of insurance revenue are disclosed in Note 1(c).

##### (ii) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the consolidated statement of profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

##### (iii) *Income from asset management, advisory, insurance intermediary and pension businesses*

Income from asset management, advisory, insurance intermediary and pension businesses are recognised based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided.

##### (iv) *Dividends*

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

##### (v) *Interest revenue calculated using the effective interest method*

The accounting policies for the recognition of interest revenue calculated using the effective interest method are disclosed in Note 1(h).

##### (vi) *Interest from finance lease receivable*

Interest from finance lease receivable is recognised over the lease periods based on the effective interest method.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (x) Translation of foreign currencies

Foreign currency transactions during the year are translated into the functional currencies of respective entities in the Group at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies of respective entities in the Group at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currencies of respective entities in the Group using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency of respective entities in the Group using the foreign exchange rates ruling at the dates the fair value was determined. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

The results of operations outside Hong Kong, PRC are translated into the Group's presentation currency (i.e. Hong Kong dollars) at approximately the average exchange rates for the year. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation, or a disposal involving loss of joint ventures that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (y) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (z) *Finance lease receivables and unearned finance income*

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. At the commencement of the lease term, the Group recognises the minimum lease payments receivable by the Group as a finance lease receivable and records the unguaranteed residual value at the same time. The difference between (a) the aggregate of the minimum lease payments and the unguaranteed residual value and (b) their present value is recognised as unearned finance income. Finance lease receivable net of unearned finance income is recorded in the consolidated statement of financial position.

Unearned finance income is amortised during the lease term using effective interest method.

#### (aa) *Leasing*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of equipment and small items of office furniture that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

## 1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Material Accounting Policy Information (Continued)

#### (aa) Leasing (Continued)

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

#### (ab) *Right-of-use assets*

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

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

**1 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION**  
*(Continued)*

**Material Accounting Policy Information** *(Continued)*

*(ac) Perpetual subordinated capital securities*

Perpetual subordinated capital securities with no contractual obligation to repay its principal nor to pay any distribution are classified as part of equity. Respective distributions if and when declared are treated as equity movement.

**New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2025**

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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Amendments to HKAS 21

Lack of Exchangeability

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The application of the above amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT

### (a) Risk management objectives, policies and processes for mitigating insurance risk

The Group is principally engaged in the underwriting of life insurance business in the PRC, Hong Kong, PRC, Macau, PRC and Singapore, property and casualty insurance business in the PRC, Hong Kong, PRC, Macau, PRC, UK, Luxembourg, Singapore and Indonesia and reinsurance business around the world. The Group's management of insurance and financial risk is a critical aspect of the business. Insurance risks are managed through the application of various policies and procedures relating to underwriting, pricing, claims and reinsurance as well as experience monitoring.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any year may vary from those estimated using established statistical techniques.

### (b) Underwriting strategy

#### *Life insurance business*

The Group operates its life insurance business in the PRC, Hong Kong, PRC, Macau, PRC, and Singapore's life insurance market, offering a wide range of insurance products covering different types of individual and group life insurance, health insurance, accident insurance and annuity. With regard to the control of quality of the insurance policies underwritten, the Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

#### *Property and casualty insurance business*

The Group is engaged in the underwriting of property and casualty insurance business in the PRC, Hong Kong, PRC, Macau, PRC, UK, Luxembourg, Singapore and Indonesia. The Group focuses its property and casualty insurance business by offering a wide range of insurance products covering different types of property insurance (including compulsory motor insurance), liability insurance, credit insurance, guarantee insurance business and short-term accident and health insurance and the related reinsurance business. The Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (b) Underwriting strategy (Continued)

#### *Reinsurance business*

The Group's reinsurance portfolio is made up of a mix of business spreading across different geographic regions with emphasis towards Asian countries, covering property damage, life, marine cargo and hull and miscellaneous non-marine classes. Whilst diversifying its underwriting portfolio, the Group does not actively seek acceptance of any liability reinsurance business from customers operating outside of the Asia Pacific region. In the Asia Pacific region, where these are core-markets of the Group, liability reinsurance businesses are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

For life reinsurance business strategy, current portfolio of life business is mainly made up of saving business with emphasis on Hong Kong, PRC market. Besides maintaining current business scale, in order to diversify and balance the underwriting portfolio, the Group starts to emphasise on the development of protection business and financial reinsurance business. The Group's strategy is to develop business with prudent attitude, gain more sophisticated market experience instead of seeking fast business expansion.

### (c) Reinsurance strategy

The Group purchases reinsurance protection from other reinsurers in the normal course of business in order to limit the potential for losses arising from unexpected and concentrated exposures. In assessing the credit worthiness of reinsurers, the Group takes into account, among other factors, ratings and evaluation performed by recognised credit rating agencies, their claims-paying and underwriting track record, as well as the Group's past experience with them.

### (d) Asset and liability matching

The objective of the Group's asset and liability management is to match the Group's assets with liabilities on the basis of duration. The Group actively manages its assets using an approach that balances quality, diversification, asset and liability matching, liquidity and investment return. The goal of the investment process is to maximise investment returns at a tolerable risk level, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### **(d) Asset and liability matching *(Continued)***

However, in respect of life insurance business, under the current regulatory and market environment in the PRC, the Group is unable to invest in assets with a duration of sufficient length to match the duration of its life insurance liabilities. When the regulatory and market environment permits, the Group intends to gradually lengthen the duration of its assets. The Group monitors the duration gap between the assets and liabilities closely and prepares cash flow projections from assets and liabilities on a regular basis. Currently, the Group reduces the level of the asset-liability mismatch by:

- actively seeking to acquire longer dated fixed rate debt investments with an acceptable level of yield;
- upon the maturity dates of fixed rate debt investments, rolling over the proceeds to longer dated fixed rate debt investments;
- disposing of some of the shorter dated fixed rate debt investments, particularly those with lower yields, and rolling over the proceeds to longer dated fixed rate debt investments; and
- investing in equities for the long-term and in property holding company.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk

#### (i) Life insurance business

##### *Concentration of insurance risks*

Concentration risk is the risk of incurring a major loss as a result of having a significant mortality or other insurance coverage on a particular person or a group of persons due to the same event. The Group manages the concentration of insurance risks by way of reinsurance arrangements with a maximum net retention risk of RMB3,000,000 or equivalent foreign currency per person in life and personal accident policies and RMB2,000,000 or equivalent foreign currency on critical illness insurance. In addition, the Group purchases catastrophe protection for losses arising from claims involving multiple lives from the same event. The maximum net retention risk is RMB5 million or equivalent foreign currency for each and every loss occurrence, and the total coverage is RMB100 million for each and every loss occurrence. The Group purchases surplus treaties and proportional treaties to cover life, accident and long term health risks. In addition, an excess of loss reinsurance contract is applied for any insurance contract with significant sum insured.

The distribution of sum insured per policy is summarised as follows:

<i>RMB '000</i>	<b>Before reinsurance</b>		<b>After reinsurance</b>	
	<b>Year ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
0-200	<b>87.89%</b>	88.10%	<b>95.71%</b>	95.92%
201-500	<b>11.03%</b>	10.89%	<b>4.24%</b>	4.03%
>500	<b>1.08%</b>	1.01%	<b>0.05%</b>	0.05%
	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%

##### *Management of risks*

The key risk associated with life insurance contracts is the risk of potential loss arising with respect to a particular insurance product as a result of actual market conditions and loss experience being different from the assumed market conditions and loss experience used when designing and pricing the product.

The Group has established an Insurance Product Management Committee, which is responsible for providing professional advice to the Group's management on the planning, management, and innovation of insurance products. It may also makes decisions on matters related to insurance product planning, management, and innovation upon authorisation by the Group's management. Through conducting preliminary reviews and decisions on key products of the insurance subsidiaries, the Group Insurance Product Management Committee ensures that the risks associated with specific insurance products remain within acceptable limits. The pricing method, the solvency requirement, the profit margin, the loss experience are key considerations in designing a product.

In addition, the underwriting and claim processing departments strictly follow the established standards and procedures.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (i) Life insurance business (Continued)

##### Sensitivity analysis

The table below analyses how the profit before tax and total equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Impact to profit before tax		Impact to total equity	
	Gross \$'000	Net \$'000	Gross \$'000	Net \$'000
<b>31 December 2025</b>				
Mortality/mobidity rates (+10%)	(2,207,159)	(2,185,732)	(6,381,618)	(6,345,228)
Mortality/mobidity rates (-10%)	2,189,077	2,182,140	6,655,906	6,636,529
Lapses rate (+10%)	1,206,798	1,192,274	1,031,858	1,016,308
Lapses rate (-10%)	(1,466,430)	(1,448,944)	(844,867)	(826,294)
<b>31 December 2024</b>				
Mortality/mobidity rates (+10%)	(1,098,762)	(1,091,308)	(5,510,475)	(5,486,622)
Mortality/mobidity rates (-10%)	1,150,017	1,144,119	5,880,985	5,861,452
Lapses rate (+10%)	224,736	218,476	601,932	591,156
Lapses rate (-10%)	(507,005)	(497,486)	(401,102)	(386,962)

##### Underlying items

The underlying items of insurance contracts with direct participating features are mainly debt and equity investments. The fair value of underlying debt and equity investments as at 31 December 2025 is \$619.172 billion (2024: \$584.437 billion).

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (ii) Property and casualty insurance business

##### Concentration of insurance risks

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

The concentration of insurance risk by classes of business is summarised below, with reference to insurance contract assets and insurance contract liabilities as at 31 December 2025 and 2024.

#### TPI

	At 31 December 2025		At 31 December 2024	
	Insurance contract assets \$'000	Insurance contract liabilities \$'000	Insurance contract assets \$'000	Insurance contract liabilities \$'000
Motor	-	16,049,539	-	14,889,435
Non-Motor	622,308	10,938,540	803,581	10,194,665
<b>Total</b>	<b>622,308</b>	<b>26,988,079</b>	<b>803,581</b>	<b>25,084,100</b>

#### CTPI (HK)

	At 31 December 2025		At 31 December 2024	
	Insurance contract assets \$'000	Insurance contract liabilities \$'000	Insurance contract assets \$'000	Insurance contract liabilities \$'000
Motor	119	1,251,674	-	1,137,352
Non-Motor	14,654	5,953,103	-	3,438,509
<b>Total</b>	<b>14,773</b>	<b>7,204,777</b>	<b>-</b>	<b>4,575,861</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (ii) Property and casualty insurance business (Continued)

##### *Management of risks*

The Group delegates underwriting authority to experienced underwriters. Each underwriting department has an underwriting manual for each class of business. The underwriting manual is approved by the Business Management Committee and specifies the authority of underwriters at each level. Each underwriting manual clearly states the insurable risk, risks that can be insured on a limited scale and uninsurable risk as well as the probable maximum loss which underwriters at each level can underwrite. Risks that exceed the underwriting authority of the head of the underwriting department have to be reviewed and approved by the Business Management Committee. For claims handling, there is a procedures manual that lays down the operational procedures and controls required to mitigate the insurance risk.

The Group also arranges both treaty reinsurance and facultative reinsurance in accordance with international practice. Treaty reinsurance provides automatic reinsurance cover under specific reinsurance contract terms and conditions. Facultative reinsurance is reinsurance of individual risk. Each contract is arranged separately. The choice of reinsurance contract depends on market conditions, market practice and the nature of business. Facultative reinsurance is arranged when an individual risk is not covered by treaty reinsurance or exceeds treaty reinsurance capacity and exceeds its own underwriting capacity.

##### *Sensitivity analysis*

The table below analyses how the profit before tax and total equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	<u>Impact to profit before tax</u>		<u>Impact to total equity</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>31 December 2025</b>				
Ultimate claims (5% increase)	<u>(1,766,331)</u>	<u>(1,604,837)</u>	<u>(1,775,088)</u>	<u>(1,609,887)</u>
Ultimate claims (5% decrease)	<u>1,739,283</u>	<u>1,579,355</u>	<u>1,752,373</u>	<u>1,588,487</u>
<b>31 December 2024</b>				
Ultimate claims (5% increase)	<u>(1,956,919)</u>	<u>(1,753,936)</u>	<u>(1,922,798)</u>	<u>(1,726,438)</u>
Ultimate claims (5% decrease)	<u>1,951,316</u>	<u>1,748,585</u>	<u>1,912,959</u>	<u>1,718,496</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (iii) Reinsurance business

##### Concentration of insurance risks

Concentration of risk arises from the accumulation of risks within a particular business line. The Group's key methods in managing these risks are diversification of the business line and areas where the gross premiums are written. The tables below indicate the insurance contract assets and liabilities and reinsurance contract assets and liabilities by business line as at 31 December 2025 and 2024.

By business line:

	<b>At 31 December 2025</b>			
	Insurance contract assets \$'000	Insurance contract liabilities \$'000	Reinsurance contract assets \$'000	Reinsurance contract liabilities \$'000
General business	36,025	15,105,705	2,008,929	3,619
Life business	62,019	14,238,920	183,210	-
<b>Total</b>	<b>98,044</b>	<b>29,344,625</b>	<b>2,192,139</b>	<b>3,619</b>

	<b>At 31 December 2024</b>			
	Insurance contract assets \$'000	Insurance contract liabilities \$'000	Reinsurance contract assets \$'000	Reinsurance contract liabilities \$'000
General business	16,205	13,103,693	1,456,438	8,045
Life business	25,820	15,586,745	168,255	2,331
<b>Total</b>	<b>42,025</b>	<b>28,690,438</b>	<b>1,624,693</b>	<b>10,376</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### (e) Insurance risk *(Continued)*

#### *(iii) Reinsurance business*

##### *Management of risks*

The key risks associated with reinsurance contracts are those relating to underwriting.

The Group maintains underwriting teams who are responsible for the underwriting and sales of the Group's reinsurance products. The team promoting a certain product to a customer has the requisite expertise to determine whether the Group can meet the specific requirement of the customer within the Group's risk appetite. All inward business is screened and analysed by the underwriting staff. The decision to underwrite and the level of risk exposure accepted are determined by reference to the underwriting guideline setting out the types of business desired, and the maximum capacity per risk. Such criteria are determined by considering factors including the risk exposure, the pricing, the profit potential, the class of business, the marketing strategy, the retrocession facilities available and the market trends.

The Group arranges pro rata and excess of loss retrocessions for its different lines of reinsurance business, in order to enhance its underwriting capacity as well as to harmonise its net retained exposures. Proportional retrocessions have been arranged in respect of its non-marine reinsurance business from the Asia-Pacific territories. In addition, a series of excess of loss retrocession covers are also arranged to protect the Group against major catastrophic events.

The life retrocession arrangements are normally decided collectively with the Group's management board before the confirmation of any new retrocession arrangements. All life retrocession arrangement follows the fundamental retrocession guideline of the group and regulatory requirement. Retrocession arrangements used to manage the volatility of mortality risk.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk

The carrying amounts of financial assets at the reporting date were as follows:

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
<i>At FVPL</i>		
- Debt investments	252,417,696	284,109,432
- Equity securities	147,032,171	92,587,070
- Investment funds	77,073,200	73,277,014
- Precious mentals	32,381	-
	<b>476,555,448</b>	<b>449,973,516</b>
<i>At FVOCI</i>		
- Debt investments	1,027,695,277	828,786,139
- Equity investments	77,832,605	51,396,341
	<b>1,105,527,882</b>	<b>880,182,480</b>
<i>At amortised cost</i>		
- Statutory deposits	6,527,578	6,430,618
- Debt investments	92,991,233	112,160,533
- Securities purchased under resale agreements	5,673,005	2,005,621
- Amounts due from group companies	1,313,071	1,312,476
- Other assets	18,572,546	12,313,111
- Finance lease receivables	41,027,256	44,903,617
- Pledged and restricted bank deposits	1,120,870	1,226,236
- Deposits at banks with original maturity more than three months	70,885,178	60,666,843
- Cash and cash equivalents	54,360,241	44,388,582
	<b>292,470,978</b>	<b>285,407,637</b>
	<b>1,874,554,308</b>	<b>1,615,563,633</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

The carrying amounts of financial liabilities at the reporting date were as follows:

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
<u>At FVPL</u>		
- Investment contract liabilities	21,939,475	16,834,329
<u>At amortised cost</u>		
- Interest-bearing notes	13,290,101	10,813,422
- Lease liabilities	1,242,949	1,437,899
- Bank borrowings	64,405,586	69,872,231
- Securities sold under repurchase agreements	106,731,701	46,683,213
- Amounts due to group companies	17,500	22,146
- Other payables and accruals	52,278,931	46,773,159
- Investment contract liabilities	3,652,268	3,545,384
	<b>241,619,036</b>	<b>179,147,454</b>
	<b>263,558,511</b>	<b>195,981,783</b>

Transactions in financial instruments and insurance assets/liabilities may result in the Group assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

There is no significant change in the Group's exposures to risk and how they arise, nor the Group's objectives, policies and processes for managing each of these risks.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Group's equity investments, interest-bearing financial assets and financial liabilities, and financial assets and financial liabilities denominated in foreign currencies, but these exposures are largely offset by similar exposures arising from insurance and reinsurance contracts. The nature of the Group's business and asset-liability matching processes means that it is exposed to market risk on net assets representing shareholders' equity. Interest rate risk also arise from guarantees in the Group's insurance and investment contracts to the extent that they are not economically hedged or borne by contract holders.

#### (a) Interest rate risk

Interest rate risk is risk to the earnings or market value of a fixed-rate financial instrument due to uncertain future market interest rates. Some of the contracts issued by the Group contain interest rate guarantees.

The Group monitors this exposure through periodic reviews of its financial instruments and closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio are modelled and reviewed periodically.

The Group is exposed to fair value interest rate risk in relation to the debt investments measured at FVPL and FVOCI, and the measurement of net reinsurance contract assets and net insurance contract liabilities.

The Group's interest-sensitive instruments are as follows.

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Debt investments measured at FVPL	252,417,696	284,109,432
Debt investments measured at FVOCI	1,027,695,277	828,786,139
Net reinsurance contract assets	13,346,145	10,700,486
Net insurance contract liabilities	<b>(1,554,867,689)</b>	<b>(1,412,539,399)</b>
	<b>(261,408,571)</b>	<b>(288,943,342)</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

##### (a) Interest rate risk (Continued)

##### Sensitivity analysis

An analysis of the Group's sensitivity to a 25 basis points increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

	Impact to profit before tax		Impact to total equity	
	Increase 25 basis points \$'000	Decrease 25 basis points \$'000	Increase 25 basis points \$'000	Decrease 25 basis points \$'000
<b>At 31 December 2025</b>				
Debt investments	(1,619,062)	1,630,721	(37,724,508)	39,663,774
Net insurance contract liabilities	4,749,568	(5,701,653)	38,960,652	(41,569,798)
Net reinsurance contract assets	(30,174)	31,485	(58,338)	60,294
	<u>3,100,332</u>	<u>(4,039,447)</u>	<u>1,177,806</u>	<u>(1,845,730)</u>
<b>At 31 December 2024</b>				
Debt investments	(3,961,852)	4,056,349	(33,256,091)	34,956,576
Net insurance contract liabilities	6,042,848	(6,780,137)	39,332,406	(41,922,836)
Net reinsurance contract assets	(8,413)	6,953	(21,552)	20,240
	<u>2,072,583</u>	<u>(2,716,835)</u>	<u>6,054,763</u>	<u>(6,946,020)</u>

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments, net insurance contract liabilities and net reinsurance contract assets in existence at that date.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

#### (b) Equity price risk

The Group has a portfolio of marketable equity securities, which is carried at fair value and is exposed to price risk. As the financial risks of unit-linked contracts are fully undertaken by the policyholders, the assets related to unit-linked products are not included in the analysis of equity price risk below. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

The Group manages the equity price risk by investing in a diverse portfolio of high quality and liquid securities. The Group does not have a significant concentration of equity price risk.

As at 31 December 2025, the Group's investment in equity securities and investment funds was carried at a fair value of \$301,937,976,000 (2024: \$217,260,425,000), representing approximately 18% (2024: approximately 15%) of the total investments held by the Group.

#### Sensitivity analysis

An analysis of the Group's sensitivity to a 10% increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below:

	Impact to profit before tax		Impact to total equity	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>At 31 December 2025</b>				
Insurance and reinsurance contracts assets/liabilities	(12,749,833)	12,665,921	(12,934,616)	12,849,496
Equity securities and investment funds	22,410,537	(22,410,537)	30,193,798	(30,193,798)
	<b>9,660,704</b>	<b>(9,744,616)</b>	<b>17,259,182</b>	<b>(17,344,302)</b>
<b>At 31 December 2024</b>				
Insurance and reinsurance contracts assets/liabilities	(9,287,274)	9,287,274	(9,140,186)	9,140,186
Equity securities and investment funds	16,586,408	(16,586,408)	21,726,043	(21,726,043)
	<b>7,299,134</b>	<b>(7,299,134)</b>	<b>12,585,857</b>	<b>(12,585,857)</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### **(f) Financial risk** *(Continued)*

#### *(i) Market risk (Continued)*

#### *(c) Foreign exchange risk*

The Group is exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currencies of Group entities.

In respect of the life insurance and property and casualty insurance business in the PRC, premiums are received in RMB and the insurance regulation in the PRC requires insurers to hold RMB assets. Therefore, the foreign exchange risk in respect of RMB for the Group's PRC operations is not significant in the consolidated statement of profit or loss.

In respect of the property and casualty insurance business and reinsurance business in Hong Kong, PRC, the majority of the premiums are received in HKD and USD. The exchange rate between HKD and USD is currently pegged. The currency position of assets and liabilities is monitored by the Group periodically.

In respect of the property and casualty insurance business in Macau, PRC, UK, Luxembourg, Singapore and Indonesia and reinsurance business, the foreign exchange risks in such various operations are not significant in the consolidated statement of profit or loss.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

#### (c) Foreign exchange risk (Continued)

The following table presents the financial and insurance assets and liabilities, denominated in a currency other than the functional currency of the respective business units of the Group:

	At 31 December 2025				Total \$'000
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	
<b>Financial and insurance assets:</b>					
Statutory deposits	1,107	829,389	112,253	257,757	1,200,506
Financial investments	2,762,395	107,011,578	3,954,623	960,828	114,689,424
- debt securities and debt products	39,593	102,466,373	-	829,627	103,335,593
- equity securities/investment funds	2,722,802	4,545,205	3,954,623	131,201	11,353,831
Amounts due from group companies	13,164	-	-	-	13,164
Insurance contract assets	62,588	5,773	315	529	69,205
Reinsurance contract assets	140,173	666,866	87,401	166,758	1,061,198
Other assets	21,309	344,005	927,986	25,309	1,318,609
Pledged and restricted banks deposits	-	374,716	-	-	374,716
Deposits at banks with original maturity more than three months	42,348	746,168	391,515	-	1,180,031
Cash and cash equivalents	849,289	6,673,676	370,365	545,884	8,439,214
	<b>3,892,373</b>	<b>116,652,171</b>	<b>5,844,458</b>	<b>1,957,065</b>	<b>128,346,067</b>
<b>Financial and insurance liabilities:</b>					
Investment contract liabilities	135,653	234,637	-	-	370,290
Interest-bearing notes	-	2,369,212	-	-	2,369,212
Insurance contract liabilities	184,439	1,396,379	121,437	1,002,442	2,704,697
Reinsurance contract liabilities	985	-	10,397	33,998	45,380
Amounts due to group companies	7,152	-	-	-	7,152
	<b>328,229</b>	<b>4,000,228</b>	<b>131,834</b>	<b>1,036,440</b>	<b>5,496,731</b>
Net assets	<b>3,564,144</b>	<b>112,651,943</b>	<b>5,712,624</b>	<b>920,625</b>	<b>122,849,336</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

#### (c) Foreign exchange risk (Continued)

	At 31 December 2024				
	RMB	USD	HKD	Other foreign currencies	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial and insurance assets:</b>					
Statutory deposits	1,080	675,978	106,618	158,031	941,707
Financial investments	3,106,854	116,569,226	1,225,502	360,139	121,261,721
- debt securities and debt products	247,220	111,701,693	18,039	267,802	112,234,754
- equity securities/investment funds	2,859,634	4,867,533	1,207,463	92,337	9,026,967
Amounts due from group companies	13,219	-	-	-	13,219
Insurance contract assets	28,388	5,656	325	1,582	35,951
Reinsurance contract assets	22,475	1,046,067	70,940	77,491	1,216,973
Other assets	95,798	512,677	897,604	16,684	1,522,763
Pledged and restricted banks deposits	-	347,831	-	-	347,831
Deposits at banks with original maturity more than three months	41,175	2,182,211	327,370	-	2,550,756
Cash and cash equivalents	682,137	5,090,188	364,203	605,523	6,742,051
	3,991,126	126,429,834	2,992,562	1,219,450	134,632,972
<b>Financial and insurance liabilities:</b>					
Investment contract liabilities	145,745	250,561	-	-	396,306
Interest-bearing notes	-	2,363,299	-	-	2,363,299
Insurance contract liabilities	54,285	1,021,657	62,321	351,157	1,489,420
Reinsurance contract liabilities	170	166	36,751	32,512	69,599
Amounts due to group companies	22,146	-	-	-	22,146
	222,346	3,635,683	99,072	383,669	4,340,770
Net assets	3,768,780	122,794,151	2,893,490	835,781	130,292,202

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk

Credit risk is the risk of economic loss resulting from the failure of one of the obligors to make full payment of principal or interest when due.

The Group is exposed to credit risks primarily associated with debt investments measured at amortised cost and FVOCI, and finance lease receivables. The statutory deposits, pledged and restricted bank deposits, cash and cash equivalent and amounts due from group companies and other assets are subjected to ECL requirement, the identified impairment allowance was immaterial.

The Group internally grades financial assets based on the credit quality, risk characteristics and the Group's internal credit control policy.

Where applicable, these internal credit ratings are aligned to external credit rating companies such as Moody's and China Central Depository & Clearing Co., Ltd.

#### Credit risk management practices

The risk level of the various investment sectors is continuously monitored with the investment mix adjusted accordingly. In respect of the debt securities and debt products invested by life insurance and property and casualty insurance business in the PRC, the investment procedures manual, which is managed by an investment committee, includes the minimum acceptable credit rating of the issuers as required by the NFRA. Any non-compliance or violation of the manual will be followed up and rectification action will be taken immediately.

The Group does not have any significant concentration of counterparty credit risk arising from the investments in debt securities since the investment portfolio is well diversified.

The credit risk associated with reinsurance companies is managed by regular evaluation of the credit quality of the relevant reinsurers. In addition, majority of the reinsurers' share of insurance contract provisions are held under a net settlement arrangement against the corresponding insurance creditor balances with the same reinsurer.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

##### Judgement of significant increase in credit risk

In determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period.

The Group considers individual financial asset or financial assets with similar credit risk characteristics to determine ECL staging by comparing the credit risk of the financial asset at reporting date with the credit risk at initial recognition. Various reasonable supporting information are used to judge if there is significant increase in credit risk, including forward-looking information, when determining the ECL staging for financial assets.

The Group set quantitative and qualitative criteria to identify whether the financial asset has significant increase in credit risk since initial recognition. Major factors being considered is the probability of default upon initial recognition of financial asset and whether there has been ongoing increase in probability of default throughout each reporting period. The Group assesses significant increase in credit risk as at each reporting date based on available reasonable and supportive forward-looking information such as but not limited to:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the issuer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the issuer;
- Significant increase in credit risk on other financial instruments issued by the same issuer; and
- Significant changes in the value of the collateral supporting the financial asset or the quality or third party guarantees or credit enhancements.

In the judgement of whether the financial instruments have significant increase in credit risk after initial recognition, the Group considers the 30 days past due as one of criteria of significant increase in credit risk, in accordance with HKFRS 9.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

##### Judgement of credit-impaired assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost, debt investments at FVOCI and lease receivables are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Internal credit rating is default grade; or
- The lender gives the borrower concessions for economic or contractual reasons due to the debtor financial difficulties, where such concessions are normally reluctant to be made by the borrower; or
- Significant financial difficulty of the issuer or counterparty; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### (f) Financial risk *(Continued)*

#### (ii) Credit risk *(Continued)*

##### Judgement of credit-impaired assets *(Continued)*

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as "Lender of Last Resort" to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

The financial asset is considered credit-impaired when the counterparty fails to make contractual payments within 90 days of when they fall due.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

##### Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value plus eligible transaction costs in accordance with the accounting policies in Note 1(h). The new asset is allocated to Stage 1 (assuming that it is not credit-impaired at the date of modification).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- its internal credit rating as at the reporting date based on the modified terms; with
- the internal credit rating based on data on initial recognition and the original contractual terms.

##### Credit quality analysis

The following tables mainly disclosed the credit quality analysis for the net carrying amount of debt investments measured at FVOCI and at amortised cost, and finance lease receivables without taking into account collateral or other credit enhancements.

	At 31 December 2025			Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	
<b>Net carrying amount:</b>				
Debt investments at FVOCI	1,025,613,999	2,078,597	2,681	1,027,695,277
<u>Amortised cost</u>				
Debt investments at amortised cost	85,195,919	6,888,543	906,771	92,991,233
Finance lease receivables	37,547,393	3,463,992	15,871	41,027,256
	<u>1,148,357,311</u>	<u>12,431,132</u>	<u>925,323</u>	<u>1,161,713,766</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

##### Credit quality analysis (Continued)

	At 31 December 2024			Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	
<b>Net carrying amount:</b>				
Debt investments at FVOCI	823,463,099	5,119,770	203,270	828,786,139
<u>Amortised cost</u>				
Debt investments at amortised cost	99,326,869	11,846,047	987,617	112,160,533
Finance lease receivables	43,064,883	1,477,269	361,465	44,903,617
	<u>965,854,851</u>	<u>18,443,086</u>	<u>1,552,352</u>	<u>985,850,289</u>

##### Inputs, assumptions and techniques used for estimating impairment

The parameters and assumptions involved in ECL model are described below:

For financial assets with or without significant increase in credit risk, lifetime or 12 months expected credit losses are provided respectively. ECL is the result of discounting the product of Exposure at Default (“EAD”), Probability at Default (“PD”) and Loss Given Default (“LGD”).

EAD: EAD is based on the amounts of the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

PD: PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation, depending on whether the financial asset has significant increase in credit risk since initial recognition or is assessed to be credit-impaired as described above. PD for each internal credit rating is determined by the Group’s Credit Rating Center and is reviewed annually.

LGD: LGD represents the Group’s expectation of the extend of loss on default exposure. LGD varies type of financial asset, type of counterparty, seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at EAD. The Group determines LGD taking into consideration publications by Basel Committee on Banking Supervision and Moody’s, adjusted based on the financial condition of the borrower and the Group’s experience studies.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

#### Inputs, assumptions and techniques used for estimating impairment (Continued)

The following table sets out information about the credit quality of debt investments measured at amortised cost and FVOCI, excluding impairment, based on the Group's internal credit rating:

Internal credit rating	At 31 December 2025 Gross carrying amount			Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	
AA+ Above	583,371,446	-	-	583,371,446
AA	14,128,092	-	-	14,128,092
AA-	98,740,798	-	-	98,740,798
A+	105,845,206	-	-	105,845,206
A	23,111,139	-	-	23,111,139
A-	108,598,846	-	-	108,598,846
BBB+	38,733,542	-	-	38,733,542
BBB	52,844,726	-	-	52,844,726
BBB-	21,792,234	-	-	21,792,234
BB+ below	63,744,587	9,259,937	3,152,607	76,157,131
	<b>1,110,910,616</b>	<b>9,259,937</b>	<b>3,152,607</b>	<b>1,123,323,160</b>

Internal credit rating	At 31 December 2024 Gross carrying amount			Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	
AA+ Above	642,336,398	-	-	642,336,398
AA	2,922,149	-	-	2,922,149
AA-	3,126,028	-	-	3,126,028
A+	20,190,191	-	-	20,190,191
A	23,655,160	-	-	23,655,160
A-	68,647,080	-	-	68,647,080
BBB+	28,630,350	-	-	28,630,350
BBB	51,834,149	-	-	51,834,149
BBB-	20,121,648	-	-	20,121,648
BB+ below	61,471,861	17,227,069	7,036,621	85,735,551
	<b>922,935,014</b>	<b>17,227,069</b>	<b>7,036,621</b>	<b>947,198,704</b>

The Group makes adjustment to the probability of default taking into consideration historical default rates and adjusts for forward-looking macroeconomic data. There were no significant changes to estimation techniques or assumptions made during the year.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

##### Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. External information including economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates when incorporating the forward-looking information.

##### Loss allowance

The following tables show reconciliations from the opening balance to the closing balance of the credit risk exposure and loss allowance by class of financial instrument. Transfers due to changes in credit risk are determined in accordance with the accounting policy disclosed in Note 1(h).

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<u><i>Investment in debt securities at FVOCI</i></u>				
Balance at 1 January 2024	253,455	95,906	750,979	1,100,340
Transfer to Stage 2	(26,867)	26,867	-	-
Net remeasurement/(reversal) of loss allowance	(49,550)	162,296	348,536	461,282
New financial assets acquired	77,110	-	-	77,110
Effects of movements in exchange rates	(22,412)	(3,427)	14,047	(11,792)
Balance at 31 December 2024	<b>231,736</b>	<b>281,642</b>	<b>1,113,562</b>	<b>1,626,940</b>
Transfer to Stage 1	21,341	(21,341)	-	-
Transfer to Stage 2	(251)	251	-	-
Net remeasurement/(reversal) of loss allowance	(61,533)	(115,419)	810	(176,142)
New financial assets acquired	97,211	-	-	97,211
Financial assets derecognised/write-offs	(1,998)	(43)	(1,020,383)	(1,022,424)
Effects of movements in exchange rates	(12,374)	(7,478)	4,031	(15,821)
Balance at 31 December 2025	<b>274,132</b>	<b>137,612</b>	<b>98,020</b>	<b>509,764</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

##### Loss allowance (Continued)

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Investment in debt securities at amortised cost</i>				
Balance at 1 January 2024	204,723	190,712	5,164,425	5,559,860
Transfer to Stage 2	(25,655)	25,655	-	-
Transfer to Stage 3	-	(15,643)	15,643	-
Net remeasurement/(reversal) of loss allowance	(60,783)	62,340	762,789	764,346
New financial assets acquired	29,350	-	-	29,350
Financial assets derecognised/write-offs	-	-	(61,820)	(61,820)
Effects of movements in exchange rates	(2,589)	(1,812)	(35,303)	(39,704)
Balance at 31 December 2024	<b>145,046</b>	<b>261,252</b>	<b>5,845,734</b>	<b>6,252,032</b>
Transfer to Stage 1	<b>16,017</b>	<b>(16,017)</b>	-	-
Transfer to Stage 2	<b>(1,684)</b>	<b>1,684</b>	-	-
Transfer to Stage 3	-	<b>(13,566)</b>	<b>13,566</b>	-
Net remeasurement/(reversal) of loss allowance	<b>(69,552)</b>	<b>70,321</b>	<b>288,735</b>	<b>289,504</b>
New financial assets acquired	<b>3,013</b>	-	-	<b>3,013</b>
Financial assets derecognised/write-offs	<b>(13,282)</b>	<b>(34,070)</b>	<b>(3,958,730)</b>	<b>(4,006,082)</b>
Effects of movements in exchange rates	<b>21,140</b>	<b>23,193</b>	<b>53,850</b>	<b>98,183</b>
Balance at 31 December 2025	<b>100,698</b>	<b>292,797</b>	<b>2,243,155</b>	<b>2,636,650</b>
<i>Finance lease receivables</i>				
Balance at 1 January 2024	1,229,240	264,980	1,583,235	3,077,455
Transfer to Stage 2	(24,820)	24,820	-	-
Transfer to Stage 3	-	(247)	247	-
Net remeasurement/(reversal) of loss allowance	(517,050)	2,171	(93,802)	(608,681)
New financial assets acquired	324,901	-	-	324,901
Financial assets derecognised/write-offs	-	-	(373,028)	(373,028)
Effects of movements in exchange rates	(22,885)	(5,705)	(32,402)	(60,992)
Balance at 31 December 2024	<b>989,386</b>	<b>286,019</b>	<b>1,084,250</b>	<b>2,359,655</b>
Transfer to Stage 1	<b>223,542</b>	<b>(223,542)</b>	-	-
Transfer to Stage 2	<b>(42,766)</b>	<b>656,923</b>	<b>(614,157)</b>	-
Transfer to Stage 3	-	<b>(25,368)</b>	<b>25,368</b>	-
Net remeasurement/(reversal) of loss allowance	<b>(573,494)</b>	<b>61,846</b>	<b>(172,442)</b>	<b>(684,090)</b>
New financial assets acquired	<b>349,385</b>	<b>54,834</b>	-	<b>404,219</b>
Effects of movements in exchange rates	<b>21,336</b>	<b>8,905</b>	<b>24,912</b>	<b>55,153</b>
Balance at 31 December 2025	<b>967,389</b>	<b>819,617</b>	<b>347,931</b>	<b>2,134,937</b>

At 31 December 2025, the maximum exposure to credit risk from insurance contracts is \$3,892,626,000 (2024: \$4,264,246,000), which primarily relates to premiums receivable for services that the Group has already provided. The maximum exposure to credit risk from reinsurance contracts is \$759,550,000 (2024: \$826,694,000), which primarily relates to reinsurance premiums receivable.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (iii) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its life insurance contracts, property and casualty insurance contracts and reinsurance contracts. There is, therefore, a risk that cash will not be available to settle liabilities when due.

The Group manages this risk by formulating policies and general strategies of liquidity management to ensure that the Group can meet its financial obligations in normal circumstances and that an adequate stock of high-quality liquid assets is maintained in order to contain the possibility of a liquidity crisis.

Apart from liquidity management and regulatory compliance, the Group always strives to maintain a comfortable liquidity cushion as a safety net for coping with unexpected large funding requirements and to maintain a contingency plan to be enacted should there be a company specific crisis.

#### Financial instruments

The following table details the remaining contractual obligations for its financial instruments based on the agreed repayment terms, except for investment contract liabilities which are based on expected maturity dates since the exercise of all surrender and transfer options would result in all investment contracts being presented as falling due with one year or less.

	At 31 December 2025				Carrying value \$'000
	Less than 1 year \$'000	1 year to 5 years \$'000	More than 5 years \$'000	Total undiscounted cash flows \$'000	
<b>Financial assets:</b>					
Statutory deposits	2,318,745	4,811,782	-	7,130,527	6,527,578
Financial investments	407,641,922	241,440,228	1,584,735,627	2,233,817,777	1,675,074,563
Securities purchased under resale agreements	5,673,371	-	-	5,673,371	5,673,005
Amounts due from group companies	1,313,071	-	-	1,313,071	1,313,071
Finance lease receivables	14,192,351	27,046,726	5,106,040	46,345,117	41,027,256
Pledged and restricted bank deposits and deposits at banks with original maturity more than three months	11,317,443	64,290,673	-	75,608,116	72,006,048
Cash and cash equivalents	54,360,241	-	-	54,360,241	54,360,241
	<u>496,817,144</u>	<u>337,589,409</u>	<u>1,589,841,667</u>	<u>2,424,248,220</u>	<u>1,855,981,762</u>
<b>Financial liabilities:</b>					
Interest-bearing notes	354,076	7,588,619	7,629,082	15,571,777	13,290,101
Bank borrowings	47,357,658	17,579,251	977,703	65,914,612	64,405,586
Lease liabilities	618,060	706,734	5,903	1,330,697	1,242,949
Investment contract liabilities	23,483,311	739,259	1,900,905	26,123,475	25,591,743
Securities sold under repurchase agreements	106,759,401	-	-	106,759,401	106,731,701
Amounts due to group companies	17,500	-	-	17,500	17,500
	<u>178,590,006</u>	<u>26,613,863</u>	<u>10,513,593</u>	<u>215,717,462</u>	<u>211,279,580</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (iii) Liquidity risk (Continued)

	At 31 December 2024				Carrying value \$'000
	Less than 1 year \$'000	1 year to 5 years \$'000	More than 5 years \$'000	Total undiscounted cash flows \$'000	
<b>Financial assets:</b>					
Statutory deposits	1,506,335	5,262,032	-	6,768,367	6,430,618
Financial investments	346,510,841	250,530,056	1,315,547,238	1,912,588,135	1,442,316,529
Securities purchased under resale agreements	2,005,810	-	-	2,005,810	2,005,621
Amounts due from group companies	1,312,476	-	-	1,312,476	1,312,476
Finance lease receivables	16,947,957	28,459,367	5,791,307	51,198,631	44,903,617
Pledged and restricted bank deposits and deposits at banks with original maturity more than three months	9,454,164	49,387,316	7,570,918	66,412,398	61,893,079
Cash and cash equivalents	44,388,582	-	-	44,388,582	44,388,582
	<u>422,126,165</u>	<u>333,638,771</u>	<u>1,328,909,463</u>	<u>2,084,674,399</u>	<u>1,603,250,522</u>
<b>Financial liabilities:</b>					
Interest-bearing notes	605,267	3,897,362	9,335,404	13,838,033	10,813,422
Bank borrowings	58,030,095	13,350,538	997,446	72,378,079	69,872,231
Lease liabilities	706,837	895,270	41,146	1,643,253	1,437,899
Investment contract liabilities	17,358,602	1,622,359	1,956,494	20,937,455	20,379,713
Securities sold under repurchase agreements	46,688,677	-	-	46,688,677	46,683,213
Amounts due to group companies	22,146	-	-	22,146	22,146
	<u>123,411,624</u>	<u>19,765,529</u>	<u>12,330,490</u>	<u>155,507,643</u>	<u>149,208,624</u>

#### Insurance and reinsurance contracts

The following table provides a maturity analysis of the Group's insurance and reinsurance contracts, which reflects the dates on which the net cash flows are expected to occur.

	At 31 December 2025						Total \$'000
	Less than 1 year \$'000	1 year to 2 years \$'000	2 years to 3 years \$'000	3 years to 4 years \$'000	4 years to 5 years \$'000	Over 5 years \$'000	
Insurance contracts	69,848,385	33,501,610	19,651,149	15,122,767	57,592,096	1,070,595,479	1,266,311,486
Reinsurance contracts	(3,383,777)	(1,836,829)	(1,460,517)	(144,613)	(42,897)	(665,898)	(7,534,531)
Total	<u>66,464,608</u>	<u>31,664,781</u>	<u>18,190,632</u>	<u>14,978,154</u>	<u>57,549,199</u>	<u>1,069,929,581</u>	<u>1,258,776,955</u>

	At 31 December 2024						Total \$'000
	Less than 1 year \$'000	1 year to 2 years \$'000	2 years to 3 years \$'000	3 years to 4 years \$'000	4 years to 5 years \$'000	Over 5 years \$'000	
Insurance contracts	80,978,854	50,044,159	27,705,628	19,695,828	14,067,444	956,086,971	1,148,578,884
Reinsurance contracts	(4,595,691)	(1,160,848)	(525,880)	(259,449)	(61,078)	(584,937)	(7,187,883)
Total	<u>76,383,163</u>	<u>48,883,311</u>	<u>27,179,748</u>	<u>19,436,379</u>	<u>14,006,366</u>	<u>955,502,034</u>	<u>1,141,391,001</u>

The amounts from insurance contracts that are payable on demand are \$1,012,231,251,000 as at 31 December 2025 (2024: \$908,077,668,000).

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (g) Capital management

The Group's key business operations are its life insurance business, the property and casualty insurance business and the reinsurance business, which are conducted through its subsidiaries. The Group manages its capital to ensure that the entities conducting the life insurance business, the property and casualty insurance business and reinsurance business will be able to meet statutory solvency requirements in the jurisdictions in which they operate. The statutory solvency requirements for each regulated insurance subsidiary are disclosed in the solvency rules at each jurisdiction. The Group's capital management initiatives also strive to maintain a surplus for future business expansion opportunities. The Group's overall capital management strategy remains unchanged from the prior year. The Group's capital includes the components of total equity of \$164,792,947,000 (2024: \$122,407,450,000), interest-bearing notes of \$13,290,101,000 (2024: \$10,813,422,000) and bank borrowings of \$64,405,586,000 (2024: \$69,872,231,000). The Group complied with the various solvency requirements throughout the Year.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development

The key assumption underlying the estimates of provision for outstanding claims is the ultimate claims expenses. A respective percentage change in the ultimate claims expenses alone results in a similar percentage change in provision for outstanding claims.

#### *Analysis of claims development – gross of reinsurance for TPI*

*For the year ended 31 December 2025*

	Accident year					Total
	2021	2022	2023	2024	2025	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	22,464,501	18,799,939	21,469,826	21,748,467	23,270,955	
One year later	20,642,130	17,850,049	21,192,151	22,542,315		
Two years later	20,265,854	17,480,723	22,043,141			
Three years later	19,824,842	17,932,128				
Four years later	20,342,122					
Estimate of cumulative claims	20,342,122	17,932,128	22,043,141	22,542,315	23,270,955	106,130,661
Cumulative payments to date	(20,178,518)	(17,570,333)	(20,867,158)	(19,595,536)	(15,588,002)	(93,799,547)
Liabilities recognised in the consolidated statement of financial position						
Liabilities in respect of accident years	163,604	361,795	1,175,983	2,946,779	7,682,953	12,331,114
2020 and earlier						282,305
Effect of discounting and other factors						840,156
Total liabilities included in the consolidated statement of financial position						<u>13,453,575</u>

*For the year ended 31 December 2024*

	Accident year					Total
	2020	2021	2022	2023	2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	16,751,106	22,464,501	18,799,939	21,469,826	21,748,467	
One year later	16,910,608	20,642,130	17,850,049	21,192,151		
Two years later	15,447,852	20,265,854	17,480,723			
Three years later	15,212,939	19,824,842				
Four years later	14,865,089					
Estimate of cumulative claims	14,865,089	19,824,842	17,480,723	21,192,151	21,748,467	95,111,272
Cumulative payments to date	(14,748,839)	(19,521,686)	(16,676,189)	(18,686,193)	(14,453,422)	(84,086,329)
Liabilities recognised in the consolidated statement of financial position						
Liabilities in respect of accident years	116,250	303,156	804,534	2,505,958	7,295,045	11,024,943
2019 and earlier						395,289
Effect of discounting and other factors						747,278
Total liabilities included in the consolidated statement of financial position						<u>12,167,510</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – net of reinsurance for TPI*

*For the year ended 31 December 2025*

	Accident year					Total
	2021	2022	2023	2024	2025	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	21,422,187	16,980,007	18,853,533	20,155,884	21,499,436	
One year later	19,206,770	16,262,426	18,591,868	20,898,101		
Two years later	18,872,298	15,964,842	19,369,900			
Three years later	18,448,567	16,425,820				
Four years later	18,949,491					
Estimate of cumulative claims	18,949,491	16,425,820	19,369,900	20,898,101	21,499,436	97,142,748
Cumulative payments to date	(18,837,831)	(16,173,588)	(18,503,087)	(18,424,654)	(19,564,760)	(91,503,920)
Liabilities recognised in the consolidated statement of financial position	111,660	252,232	866,813	2,473,447	1,934,676	5,638,828
Liabilities in respect of accident years 2020 and earlier						219,088
Effect of discounting and other factors						805,292
Total liabilities included in the consolidated statement of financial position						<u>6,663,208</u>

*For the year ended 31 December 2024*

	Accident year					Total
	2020	2021	2022	2023	2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	14,429,907	21,422,187	16,980,007	18,853,533	20,155,884	
One year later	15,108,821	19,206,770	16,262,426	18,591,868		
Two years later	13,699,894	18,872,298	15,964,842			
Three years later	13,493,478	18,448,567				
Four years later	13,188,987					
Estimate of cumulative claims	13,188,987	18,448,567	15,964,842	18,591,868	20,155,884	86,350,148
Cumulative payments to date	(13,118,187)	(18,245,994)	(15,393,633)	(16,642,556)	(18,682,697)	(82,083,067)
Liabilities recognised in the consolidated statement of financial position	70,800	202,573	571,209	1,949,312	1,473,187	4,267,081
Liabilities in respect of accident years 2019 and earlier						352,416
Effect of discounting and other factors						724,791
Total liabilities included in the consolidated statement of financial position						<u>5,344,288</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – gross of reinsurance for CTPI (HK)*

*For the year ended 31 December 2025*

	Accident year					Total
	2021	2022	2023	2024	2025	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	2,000,212	1,704,367	2,182,421	2,187,876	4,372,445	
One year later	2,418,863	1,624,919	2,082,241	2,267,639		
Two years later	2,643,184	1,510,701	2,018,371			
Three years later	2,543,923	1,849,992				
Four years later	2,725,413					
Estimate of cumulative claims	2,725,413	1,849,992	2,018,371	2,267,639	4,372,445	13,233,860
Cumulative payments to date	(2,548,488)	(1,534,984)	(1,248,052)	(1,011,558)	(383,234)	(6,726,316)
Liabilities recognised in the consolidated statement of financial position	176,925	315,008	770,319	1,256,081	3,989,211	6,507,544
Liabilities in respect of accident years 2020 and earlier						479,880
Effect of discounting and other factors						229,736
Total liabilities included in the consolidated statement of financial position						<u>7,217,160</u>

*For the year ended 31 December 2024*

	Accident year					Total
	2020	2021	2022	2023	2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	3,313,226	2,000,212	1,704,367	2,182,421	2,187,876	
One year later	2,788,840	2,418,863	1,624,919	2,082,241		
Two years later	2,890,595	2,643,184	1,510,701			
Three years later	2,733,571	2,543,923				
Four years later	2,697,720					
Estimate of cumulative claims	2,697,720	2,543,923	1,510,701	2,082,241	2,187,876	11,022,461
Cumulative payments to date	(2,314,063)	(2,243,318)	(1,015,555)	(950,123)	(400,338)	(6,923,397)
Liabilities recognised in the consolidated statement of financial position	383,657	300,605	495,146	1,132,118	1,787,538	4,099,064
Liabilities in respect of accident years 2019 and earlier						203,827
Effect of discounting and other factors						88,807
Total liabilities included in the consolidated statement of financial position						<u>4,391,698</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – net of reinsurance for CTPI (HK)*

*For the year ended 31 December 2025*

	Accident year					Total
	2021	2022	2023	2024	2025	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	1,472,554	1,191,724	1,451,637	1,662,944	1,815,234	
One year later	1,837,914	1,199,215	1,508,201	1,823,210		
Two years later	2,090,523	1,184,875	1,430,421			
Three years later	2,054,617	1,481,626				
Four years later	2,264,978					
Estimate of cumulative claims	2,264,978	1,481,626	1,430,421	1,823,210	1,815,234	8,815,469
Cumulative payments to date	(2,154,713)	(1,304,174)	(993,389)	(884,979)	(346,046)	(5,683,301)
Liabilities recognised in the consolidated statement of financial position	110,265	177,452	437,032	938,231	1,469,188	3,132,168
Liabilities in respect of accident years 2020 and earlier						143,816
Effect of discounting and other factors						61,075
Total liabilities included in the consolidated statement of financial position						<u>3,337,059</u>

*For the year ended 31 December 2024*

	Accident year					Total
	2020	2021	2022	2023	2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	2,209,168	1,472,554	1,191,724	1,451,637	1,662,944	
One year later	2,028,493	1,837,914	1,199,215	1,508,201		
Two years later	2,166,915	2,090,523	1,184,875			
Three years later	2,109,286	2,054,617				
Four years later	2,078,593					
Estimate of cumulative claims	2,078,593	2,054,617	1,184,875	1,508,201	1,662,944	8,489,230
Cumulative payments to date	(1,983,933)	(1,882,909)	(839,586)	(793,010)	(359,910)	(5,859,348)
Liabilities recognised in the consolidated statement of financial position	94,660	171,708	345,289	715,191	1,303,034	2,629,882
Liabilities in respect of accident years 2019 and earlier						112,884
Effect of discounting and other factors						(46,904)
Total liabilities included in the consolidated statement of financial position						<u>2,695,862</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – gross of reinsurance for TPRe*

*For the year ended 31 December 2025*

	Underwriting year					Total
	2021	2022	2023	2024	2025	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	3,550,847	3,389,456	3,514,588	2,965,882	4,898,281	
One year later	7,323,214	7,572,722	7,257,470	6,702,940		
Two years later	7,857,458	7,907,217	7,436,165			
Three years later	7,990,314	7,830,994				
Four years later	7,854,924					
Estimate of cumulative claims	7,854,924	7,830,994	7,436,165	6,702,940	4,898,281	34,723,304
Cumulative payments to date	(6,705,158)	(6,507,019)	(4,972,365)	(2,775,907)	(518,896)	(21,479,345)
Liabilities recognised in the consolidated statement of financial position	1,149,766	1,323,975	2,463,800	3,927,033	4,379,385	13,243,959
Liabilities in respect of underwriting years 2020 and earlier						2,125,038
Effect of discounting and other factors						2,607,668
Total liabilities included in the consolidated statement of financial position						<u>17,976,665</u>

*Note: The above balances exclude the claims liabilities for the life reinsurance business.*

*For the year ended 31 December 2024*

	Underwriting year					Total
	2020	2021	2022	2023	2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	2,933,936	3,550,847	3,389,456	3,514,588	2,965,882	
One year later	6,119,368	7,323,214	7,572,722	7,257,470		
Two years later	6,538,672	7,857,458	7,907,217			
Three years later	6,702,160	7,990,314				
Four years later	6,827,577					
Estimate of cumulative claims	6,827,577	7,990,314	7,907,217	7,257,470	2,965,882	32,948,460
Cumulative payments to date	(5,752,783)	(6,234,201)	(5,653,114)	(3,452,105)	(361,191)	(21,453,394)
Liabilities recognised in the consolidated statement of financial position	1,074,794	1,756,113	2,254,103	3,805,365	2,604,691	11,495,066
Liabilities in respect of underwriting years 2019 and earlier						1,827,691
Effect of discounting and other factors						2,508,170
Total liabilities included in the consolidated statement of financial position						<u>15,830,927</u>

*Note: The above balances exclude the claims liabilities for the life reinsurance business.*

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – net of reinsurance for TPre*

*For the year ended 31 December 2025*

	Underwriting year					Total
	2021	2022	2023	2024	2025	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	3,116,088	3,085,920	3,208,951	2,487,841	3,511,315	
One year later	6,310,386	7,031,943	6,718,202	5,637,951		
Two years later	6,756,385	7,336,662	6,924,241			
Three years later	6,881,024	7,250,384				
Four years later	6,772,056					
Estimate of cumulative claims	6,772,056	7,250,384	6,924,241	5,637,951	3,511,315	30,095,947
Cumulative payments to date	(5,813,556)	(6,050,698)	(4,621,143)	(2,376,278)	(447,599)	(19,309,274)
Liabilities recognised in the consolidated statement of financial position	958,500	1,199,686	2,303,098	3,261,673	3,063,716	10,786,673
Liabilities in respect of underwriting years 2020 and earlier						1,802,543
Effect of discounting and other factors						1,798,466
Total liabilities included in the consolidated statement of financial position						<u>14,387,682</u>

*Note: The above balances exclude the claims liabilities for the life reinsurance business.*

*For the year ended 31 December 2024*

	Underwriting year					Total
	2020	2021	2022	2023	2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	2,629,139	3,116,088	3,085,920	3,208,951	2,487,841	
One year later	5,363,057	6,310,386	7,031,943	6,718,202		
Two years later	5,666,038	6,756,385	7,336,662			
Three years later	5,829,110	6,881,024				
Four years later	5,939,073					
Estimate of cumulative claims	5,939,073	6,881,024	7,336,662	6,718,202	2,487,841	29,362,802
Cumulative payments to date	(5,071,687)	(5,444,022)	(5,287,053)	(3,206,940)	(308,502)	(19,318,204)
Liabilities recognised in the consolidated statement of financial position	867,386	1,437,002	2,049,609	3,511,262	2,179,339	10,044,598
Liabilities in respect of underwriting years 2019 and earlier						1,525,499
Effect of discounting and other factors						1,692,574
Total liabilities included in the consolidated statement of financial position						<u>13,262,671</u>

*Note: The above balances exclude the claims liabilities for the life reinsurance business.*

### **3 SEGMENT INFORMATION**

The Group is organised primarily based on different types of businesses. The information reported to the Board (being the chief operating decision maker), for the purpose of resources allocation and performance assessment, are prepared and reported on such basis. Accordingly, the Group's operating segments are detailed as follows:

- Life insurance business;
- PRC property and casualty insurance business;
- Overseas property and casualty insurance business;
- Reinsurance business; and
- Other businesses which comprised the asset management business, insurance intermediary business, financial leasing, property investment business, securities dealing and broking business.

Information regarding the above segments is reported below.

Management monitors the operating results of the Group's business units separately for the purpose of performance assessment.

### 3 SEGMENT INFORMATION (Continued)

#### (a) Segmental statement of profit or loss for 2025

	Year ended 31 December 2025						Total \$'000	
	Life insurance \$'000	PRC		Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000		Intersegment elimination and adjustment \$'000
		domestic property and casualty insurance \$'000						
Insurance revenue	64,282,345	34,175,541	5,749,463	8,933,623	-	(873,904)	112,267,068	
Insurance service expenses	(41,377,404)	(32,914,345)	(5,572,244)	(8,347,382)	-	1,381,150	(86,830,225)	
Net expenses from reinsurance contracts held	(771,919)	(453,683)	226,301	109,127	-	(546,895)	(1,437,069)	
<b>Insurance service results</b>	<b>22,133,022</b>	<b>807,513</b>	<b>403,520</b>	<b>695,368</b>	<b>-</b>	<b>(39,649)</b>	<b>23,999,774</b>	
Interest revenue	37,066,362	840,577	441,602	1,494,270	361,392	1,392,274	41,596,477	
Other investment return	22,047,265	529,770	158,959	304,983	(726,272)	1,077,902	23,392,607	
Net impairment loss on financial assets	(222,929)	8,916	(1,150)	(12,404)	11,431	2,549	(213,587)	
Share of results of associates and joint ventures	3,141,062	(121,850)	-	-	(12,272)	(956,551)	2,050,389	
<b>Investment return</b>	<b>62,031,760</b>	<b>1,257,413</b>	<b>599,411</b>	<b>1,786,849</b>	<b>(365,721)</b>	<b>1,516,174</b>	<b>66,825,886</b>	
Finance expense from insurance contracts issued	(50,949,034)	(483,811)	(340,484)	(795,243)	-	49,687	(52,518,885)	
Finance income from reinsurance contracts held	114,050	66,905	149,407	63,067	-	(42,806)	350,623	
Net changes in investment contract liabilities	(45,636)	-	-	(29,013)	-	-	(74,649)	
<b>Net investment results</b>	<b>11,151,140</b>	<b>840,507</b>	<b>408,334</b>	<b>1,025,660</b>	<b>(365,721)</b>	<b>1,523,055</b>	<b>14,582,975</b>	
Other income	1,026,925	4,283	(67,074)	(235,378)	9,387,883	(4,330,875)	5,785,764	
Other operating expenses	(3,193,663)	(355,405)	(434,267)	(137,516)	(7,282,285)	2,946,953	(8,456,183)	
Other finance costs	(231,807)	(95,827)	(27,047)	(60,080)	(2,246,717)	194,878	(2,466,600)	
<b>Profit before taxation</b>	<b>30,885,617</b>	<b>1,201,071</b>	<b>283,466</b>	<b>1,288,054</b>	<b>(506,840)</b>	<b>294,362</b>	<b>33,445,730</b>	
Income tax charges	3,700,387	(235,372)	(73,979)	(4,212)	(156,098)	(49,439)	3,181,287	
<b>Profit after taxation</b>	<b>34,586,004</b>	<b>965,699</b>	<b>209,487</b>	<b>1,283,842</b>	<b>(662,938)</b>	<b>244,923</b>	<b>36,627,017</b>	
Non-controlling interests							(9,567,738)	
<b>Profit attributable to owners of the Company</b>							<b>27,059,279</b>	

Segment revenue (including insurance revenue and investment return) and segment profit/(loss) represent the revenue and profit/(loss) earned by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### (b) Segmental statement of financial position for 2025

	At 31 December 2025						
	Life insurance	PRC domestic property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Other businesses	Intersegment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statutory deposits	4,029,246	1,784,069	119,923	592,196	2,144	-	6,527,578
Fixed assets							
- Property and equipment	4,736,779	974,686	496,317	39,391	29,405,713	4,749,527	40,402,413
- Investment properties	4,030,349	482,417	3,087,688	173,560	22,035,334	(6,146,712)	23,662,636
- Right-of-use assets	1,318,161	410,800	28,065	80,001	3,062,429	(473,140)	4,426,316
Goodwill	-	-	-	-	50,177	303,647	353,824
Intangible assets	-	-	-	-	2,724	261,408	264,132
Interests in associates and joint ventures	32,555,025	2,601,195	-	-	1,702,368	(24,378,472)	12,480,116
Financial investments							
- At fair value through profit or loss	431,210,921	6,906,192	769,970	5,827,260	6,119,131	25,721,974	476,555,448
- At amortised cost	65,719,715	3,546,888	3,650,249	11,742,327	2,114,603	6,217,451	92,991,233
- Debt investments at fair value through other comprehensive income	989,698,125	13,606,701	4,346,498	15,962,912	4,081,041	-	1,027,695,277
- Equity investments at fair value through other comprehensive income	62,837,249	4,147,626	260,769	602,216	2,666,700	7,318,045	77,832,605
Insurance contract assets	39,375	622,308	2,422	98,044	-	(40,556)	721,593
Reinsurance contract assets	4,191,438	2,722,033	5,365,467	2,192,139	-	(955,860)	13,515,217
Finance lease receivables	-	-	-	-	41,027,256	-	41,027,256
Cash and bank deposits	94,099,090	9,799,341	2,119,960	6,417,399	5,832,838	8,097,661	126,366,289
Other segment assets	28,921,131	2,156,911	1,091,559	2,309,300	7,815,033	(529,224)	41,764,710
<b>Segment assets</b>	<b>1,723,386,604</b>	<b>49,761,167</b>	<b>21,338,887</b>	<b>46,036,745</b>	<b>125,917,491</b>	<b>20,145,749</b>	<b>1,986,586,643</b>
Insurance contract liabilities	1,489,778,209	26,988,079	10,709,215	29,344,625	-	(1,230,846)	1,555,589,282
Reinsurance contract liabilities	66,140	107,885	69,396	3,619	-	(77,968)	169,072
Investment contract liabilities	24,363,357	-	135,653	1,092,733	-	-	25,591,743
Interest-bearing notes	3,866,069	3,330,928	-	1,485,677	4,607,427	-	13,290,101
Bank borrowings	-	-	-	-	64,405,586	-	64,405,586
Lease liabilities	1,160,943	353,810	26,726	85,348	110,718	(494,596)	1,242,949
Securities sold under repurchase agreements	94,615,646	2,603,252	680,106	-	173,820	8,658,877	106,731,701
Other segment liabilities	26,194,980	4,986,780	1,146,659	700,438	15,339,328	6,405,077	54,773,262
<b>Segment liabilities</b>	<b>1,640,045,344</b>	<b>38,370,734</b>	<b>12,767,755</b>	<b>32,712,440</b>	<b>84,636,879</b>	<b>13,260,544</b>	<b>1,821,793,696</b>
<b>Non-controlling interests</b>							<b>(53,650,800)</b>
<b>Net assets attributable to owners of the Company</b>							<b>111,142,147</b>

Segment assets and segment liabilities represent the assets/liabilities recorded by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### (c) Segmental statement of profit or loss for 2024

	Year ended 31 December 2024						Total \$'000
	Life insurance \$'000	PRC domestic property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Intersegment elimination and adjustment \$'000	
Insurance revenue	64,453,922	33,145,981	5,951,461	8,629,670	-	(913,275)	111,267,759
Insurance service expenses	(44,175,096)	(31,913,596)	(3,989,485)	(7,419,955)	-	1,065,496	(86,432,636)
Net expenses from reinsurance contracts held	(595,453)	(603,552)	(1,346,738)	(625,239)	-	359,953	(2,811,029)
<b>Insurance service results</b>	<b>19,683,373</b>	<b>628,833</b>	<b>615,238</b>	<b>584,476</b>	<b>-</b>	<b>512,174</b>	<b>22,024,094</b>
Interest revenue	35,706,045	859,181	414,763	1,628,053	619,719	1,011,989	40,239,750
Other investment return	23,519,916	532,808	108,530	357,319	265,991	186,364	24,970,928
Net impairment loss on financial assets	(991,225)	5,597	(9,449)	(325,572)	(8,497)	(2,942)	(1,332,088)
Share of results of associates and joint ventures	3,220,514	(24,197)	-	-	3,830	(535,462)	2,664,685
<b>Investment return</b>	<b>61,455,250</b>	<b>1,373,389</b>	<b>513,844</b>	<b>1,659,800</b>	<b>881,043</b>	<b>659,949</b>	<b>66,543,275</b>
Finance expense from insurance contracts issued	(59,179,158)	(766,117)	(282,894)	(858,705)	-	51,862	(61,035,012)
Finance income from reinsurance contracts held	104,185	132,916	139,512	65,343	-	(53,997)	387,959
Net changes in investment contract	(94,037)	-	-	28,988	-	-	(65,049)
<b>Net investment results</b>	<b>2,286,240</b>	<b>740,188</b>	<b>370,462</b>	<b>895,426</b>	<b>881,043</b>	<b>657,814</b>	<b>5,831,173</b>
Other income	545,980	68,829	(55,428)	(214,741)	8,667,901	(4,365,332)	4,647,209
Other operating expenses	(3,053,157)	(355,268)	(457,715)	(127,570)	(6,408,962)	3,485,273	(6,917,399)
Other finance costs	(490,433)	(150,136)	(33,247)	(60,652)	(2,960,003)	237,093	(3,457,378)
<b>Profit before taxation</b>	<b>18,972,003</b>	<b>932,446</b>	<b>439,310</b>	<b>1,076,939</b>	<b>179,979</b>	<b>527,022</b>	<b>22,127,699</b>
Income tax charges	(8,467,175)	(128,132)	(71,728)	(119,572)	(546,898)	3,642	(9,329,863)
<b>Profit after taxation</b>	<b>10,504,828</b>	<b>804,314</b>	<b>367,582</b>	<b>957,367</b>	<b>(366,919)</b>	<b>530,664</b>	<b>12,797,836</b>
Non-controlling interests							(4,366,223)
<b>Profit attributable to owners of the Company</b>							<b>8,431,613</b>

Segment revenue (including insurance revenue and investment return) and segment profit/(loss) represent the revenue and profit/(loss) earned by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### (d) Segmental statement of financial position for 2024

	At 31 December 2024							Total \$'000
	Life insurance \$'000	PRC domestic property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Intersegment elimination and adjustment \$'000		
Statutory deposits	3,755,681	2,047,675	113,484	511,063	2,715	-	6,430,618	
Fixed assets								
- Property and equipment	4,666,102	1,011,492	538,504	40,417	28,824,554	4,790,285	39,871,354	
- Investment properties	4,323,867	495,540	3,028,080	216,680	21,106,713	(6,341,772)	22,829,108	
- Right-of-use assets	1,591,076	456,965	31,216	113,247	4,744,313	(673,317)	6,263,500	
Goodwill	-	-	-	-	48,940	303,647	352,587	
Intangible assets	-	-	-	-	-	261,408	261,408	
Interests in associates and joint ventures	42,744,173	2,628,583	-	-	2,302,391	(18,756,474)	28,918,673	
Financial investments								
- At fair value through profit or loss	410,273,034	9,340,208	877,780	6,741,950	5,145,303	17,595,241	449,973,516	
- At amortised cost	79,667,760	6,178,089	3,739,559	14,837,112	2,611,903	5,126,110	112,160,533	
- Debt investments at fair value through other comprehensive income	804,269,589	8,405,047	3,094,279	11,293,782	1,723,442	-	828,786,139	
- Equity investments at fair value through other comprehensive income	44,676,991	3,058,342	277,062	709,753	2,891,179	(216,986)	51,396,341	
Insurance contract assets	33,984	803,581	5,650	42,025	-	(14,258)	870,982	
Reinsurance contract assets	3,189,856	2,247,383	3,866,356	1,624,693	-	(134,720)	10,793,568	
Finance lease receivables	-	-	-	-	44,903,617	-	44,903,617	
Cash and bank deposits	76,542,707	7,529,748	2,291,193	6,143,707	6,641,960	7,132,346	106,281,661	
Other segment assets	17,395,764	2,016,608	1,209,435	2,502,769	6,138,159	(5,014,326)	24,248,409	
<b>Segment assets</b>	<b>1,493,130,584</b>	<b>46,219,261</b>	<b>19,072,598</b>	<b>44,777,198</b>	<b>127,085,189</b>	<b>4,057,184</b>	<b>1,734,342,014</b>	
Insurance contract liabilities	1,351,402,090	25,084,100	8,698,259	28,690,438	-	(464,506)	1,413,410,381	
Reinsurance contract liabilities	48,620	48,698	48,222	10,376	-	(62,834)	93,082	
Investment contract liabilities	19,048,583	-	145,744	1,185,386	-	-	20,379,713	
Interest-bearing notes	3,752,211	3,248,845	-	1,449,066	2,363,300	-	10,813,422	
Bank borrowings	-	-	-	-	69,872,231	-	69,872,231	
Lease liabilities	1,441,913	400,793	29,488	118,226	151,247	(703,768)	1,437,899	
Securities sold under repurchase agreements	35,381,086	2,149,347	556,820	392,351	264,547	7,939,062	46,683,213	
Other segment liabilities	25,461,857	4,825,772	1,357,485	808,032	15,258,978	1,532,499	49,244,623	
<b>Segment liabilities</b>	<b>1,436,536,360</b>	<b>35,757,555</b>	<b>10,836,018</b>	<b>32,653,875</b>	<b>87,910,303</b>	<b>8,240,453</b>	<b>1,611,934,564</b>	
<b>Non-controlling interests</b>							<b>(35,336,556)</b>	
<b>Net assets attributable to owners of the Company</b>							<b>87,070,894</b>	

Segment assets and segment liabilities represent the assets/liabilities recorded by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### Geographical distribution:

Approximately 91% (2024: 92%) of the Group's total income is derived from its operations in the Mainland, PRC.

The Group's information about its non-current assets by geographical location of the assets are detailed below:

	At 31 December 2025			
	Hong Kong, PRC and Macau, PRC \$'000	Mainland, PRC \$'000	Rest of the world \$'000	Total \$'000
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance and joint ventures)	<u>11,949,208</u>	<u>56,403,946</u>	<u>756,167</u>	<u>69,109,321</u>
	At 31 December 2024			
	Hong Kong, PRC and Macau, PRC \$'000	Mainland, PRC \$'000	Rest of the world \$'000	Total \$'000
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance and joint ventures)	<u>12,274,884</u>	<u>56,611,361</u>	<u>691,712</u>	<u>69,577,957</u>

#### Information about major customers:

There were no customers for the years ended 31 December 2025 and 2024 contributing over 10% of the total insurance service results of the Group.



## 5 TOTAL INVESTMENT RETURN AND INSURANCE FINANCE INCOME/EXPENSES

An analysis of the Group's investment return and net insurance finance income/expenses recognised in profit or loss and OCI for the years ended 31 December 2025 and 2024 are presented in the table below.

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
<b>(a) Investment return</b>		
Interest revenue	41,596,477	40,239,750
Dividend income	8,528,398	6,569,250
Net rental income receivable from investment properties	796,594	862,100
Net realised investment gains/(losses)	9,503,165	(5,247,846)
Net unrealised investment gains	4,564,450	22,787,424
Net impairment loss on financial assets	(213,587)	(1,332,088)
Share of results of associates and joint ventures	2,050,389	2,664,685
<b>Subtotal of investment return recognised in profit and loss</b>	<b>66,825,886</b>	<b>66,543,275</b>
Amounts of investment return recognised in OCI	(38,231,150)	83,950,749
<b>Total investment return</b>	<b>28,594,736</b>	<b>150,494,024</b>
<b>(b) Net finance income/(expenses) from insurance contracts</b>		
Change of fair value of contracts with direct participation features	(10,892,785)	(53,603,209)
Interest accrued on insurance contracts	(28,870,345)	(26,084,919)
Changes to interest rate and other financial assumptions	18,789,843	(88,163,536)
Net exchange gains/(losses)	(61,570)	23,426
<b>Total net finance expenses from insurance contracts</b>	<b>(21,034,857)</b>	<b>(167,828,238)</b>
<b>Represented by:</b>		
Amounts recognised in profit or loss	(52,518,885)	(61,035,012)
Amounts recognised in other comprehensive income	31,484,028	(106,793,226)
<b>Total</b>	<b>(21,034,857)</b>	<b>(167,828,238)</b>
<b>(c) Net finance income from reinsurance contracts</b>		
Interest accrued on reinsurance contracts held	346,760	328,216
Changes to interest rate and other financial assumptions	69,924	74,102
Net exchange gains	9,600	25,404
<b>Total net finance income from reinsurance contracts</b>	<b>426,284</b>	<b>427,722</b>
<b>Represented by:</b>		
Amounts recognised in profit or loss	350,623	387,959
Amounts recognised in other comprehensive income	75,661	39,763
<b>Total</b>	<b>426,284</b>	<b>427,722</b>
<b>(d) Net changes in investment contract liabilities</b>		
Amounts recognised in profit or loss	(74,649)	(65,049)

**6 INTEREST REVENUE**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets not measured at fair value through profit or loss:</b>		
Debt investments at amortised cost	4,321,316	5,014,227
Debt investments at fair value through other comprehensive income	26,639,429	22,801,357
Interest revenue on securities purchased under resale agreements	79,463	100,981
Interest expenses on securities sold under repurchase agreements	(1,085,124)	(806,295)
Bank deposits and others	2,759,003	2,954,223
	<b>32,714,087</b>	<b>30,064,493</b>
<b>Financial assets measured at fair value through profit or loss:</b>		
Debt investments at fair value through profit or loss	8,882,390	10,175,257
	<b>41,596,477</b>	<b>40,239,750</b>

## 7 OTHER INVESTMENT RETURN

	Year ended 31 December	
	2025 \$'000	2024 \$'000
Dividend income		
- Equity securities at fair value through profit or loss	3,057,684	2,878,823
- Investment funds	1,583,053	1,202,754
- Equity securities at fair value through other comprehensive income	3,887,661	2,487,673
	<b>8,528,398</b>	<b>6,569,250</b>
Net rental income receivable from investment properties	796,594	862,100
Net realised investment gains/(losses)		
- Debt investments at fair value through profit or loss		
Listed	(850,189)	(8,165)
Unlisted	1,017,663	528,612
- Equity securities at fair value through profit or loss		
Listed	7,416,339	(9,188,078)
Unlisted	(369,045)	734,768
- Investment funds at fair value through profit or loss		
Listed	422,229	(5,670)
Unlisted	(459,549)	(1,827,741)
- Debt investments at amortised cost		
Listed	(156,186)	(547,107)
Unlisted	99,714	24,226
- Debt investments at fair value through other comprehensive income		
Listed	70,142	54,335
Unlisted	714,263	5,020,602
- Gain on disposal of interest in associates	1,594,148	48,320
- Precious metals and other net realised gains/(losses)	3,636	(81,948)
	<b>9,503,165</b>	<b>(5,247,846)</b>
Net unrealised investment gains/(losses)		
- Debt investments at fair value through profit or loss		
Listed	1,448,135	683,012
Unlisted	(5,407,250)	7,689,091
- Equity securities at fair value through profit or loss		
Listed	8,142,871	14,623,820
Unlisted	156,803	870,857
- Investment funds		
Listed	851,257	386,019
Unlisted	3,223,646	2,776,367
- Precious metals at fair value through profit or loss	6,318	-
- Deficit on revaluation of investment properties	(1,586,514)	(778,581)
- Recognition of impairment losses on interest in associates and joint ventures	(2,270,816)	(3,463,161)
	<b>4,564,450</b>	<b>22,787,424</b>
	<b>23,392,607</b>	<b>24,970,928</b>

## 8 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
Impairment loss recognised:		
- Financial investments at amortised cost	(292,517)	(793,696)
- Debt investment at fair value through other comprehensive income	78,930	(538,392)
	<b>(213,587)</b>	<b>(1,332,088)</b>

## 9 OTHER INCOME

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
Interests from finance lease receivables	1,556,430	2,145,149
Income from provision of pension administration services	1,253,371	968,696
Income from provision of asset management and securities broking services	459,024	492,931
Income from operating lease	1,818,100	948,519
Income from provision of advisory services	32,715	115,652
Income from provision of property management services	138,914	137,830
Income from provision of agency and insurance intermediary services	462,438	373,460
Income from sales of inventories	1,725	1,472
Government subsidies	150,551	239,618
Net losses on disposal of property and equipment	(4,213)	(46,904)
Net exchange gains/(losses)	107,556	(943,115)
Recognition of impairment losses on property and equipment	(50,774)	(30,077)
Reversal of impairment losses on finance lease receivables	279,871	283,780
Recognition of impairment losses on other assets	(1,199,357)	(645,797)
Others	779,413	605,995
	<b>5,785,764</b>	<b>4,647,209</b>

## 10 EXPENSES

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Claims and benefits	<b>45,112,298</b>	43,706,566
Fees and commissions	<b>19,576,911</b>	20,462,870
Staff costs	<b>15,496,980</b>	15,917,204
Depreciation and amortisation	<b>3,541,328</b>	3,185,495
Taxes and surcharges	<b>863,457</b>	731,097
Assets management and other service expenses	<b>1,918,410</b>	1,841,148
Other expenses	<b>4,312,010</b>	5,496,533
	<b>90,821,394</b>	91,340,913
Amounts attributed to insurance acquisition cash flows incurred during the year	<b>(26,286,179)</b>	(28,452,687)
Amortisation of insurance acquisition cash flows	<b>30,751,193</b>	30,461,809
	<b>95,286,408</b>	93,350,035
<b>Represented by:</b>		
Insurance service expenses	<b>86,830,225</b>	86,432,636
Other operating expenses	<b>8,456,183</b>	6,917,399
	<b>95,286,408</b>	93,350,035

## 11 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
<b>(a) Other finance costs:</b>		
Interests on bank borrowings	1,991,534	2,663,193
Interests on interest-bearing notes	425,483	729,509
Interests on lease liabilities	49,583	64,676
	<b>2,466,600</b>	<b>3,457,378</b>
<b>(b) Staff costs (including directors' remuneration):</b>		
Salaries, wages, bonuses and other benefits	13,496,272	14,214,955
Contributions to defined contribution retirement plans	2,000,708	1,702,249
	<b>15,496,980</b>	<b>15,917,204</b>
<b>(c) Other items:</b>		
Auditor's remuneration		
- Audit and assurance services ( <i>Note</i> )	45,842	47,644
- Non-audit services	6,512	4,336
Depreciation of property and equipment	2,710,058	2,245,560
Depreciation of right-of-use assets	830,321	939,935
Amortisation of intangible assets	949	-

*Note:*

The audit and assurance services of \$42.36 million is charged by the Company's auditor, KPMG, for the year ended 31 December 2025.

**12 This note will be disclosed in the annual report.**

**13 This note will be disclosed in the annual report.**

## 14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
<b>Current tax</b>		
Provision for the year	1,194,821	658,787
Under/(Over) provision in respect of prior years	(50,490)	(37,934)
	1,144,331	620,853
<b>Deferred tax (note)</b>		
Origination of temporary differences	(4,325,618)	8,709,010
Income tax charges/(credit)	(3,181,287)	9,329,863

*Note: Details of deferred tax assets and liabilities recognised are disclosed in Note 24(a).*

The provision for current tax represents the Group's estimation of current tax amount at the rates prevailing in the relevant jurisdictions.

The Group estimated the Hong Kong Profits Tax liability for the Company and its subsidiaries subject to Hong Kong Profits Tax using the standard tax rate of 16.5% (2024: 16.5%) on assessable profits arising from direct life insurance, property and casualty insurance, reinsurance, asset management, property investment, insurance intermediary, securities dealing and broking businesses. A concessionary tax rate of 8.25% (2024: 8.25%) was applied to certain qualifying property and casualty insurance and reinsurance businesses.

Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate for domestic companies in the PRC is 25% (2024: 25%).

On 22 December 2025, the Ministry of Finance and the State Administration of Taxation issued the "Notice on Matters Concerning Enterprise Income Tax Treatment in Relation to the Transition to the Insurance Contracts Standard" (Notice 15, 2025, of the Ministry of Finance and the State Administration of Taxation), clarified the enterprise income tax treatment in the course of enterprises' implementation of the Ministry of Finance's Accounting Standard for the Business Enterprises No.25 - Insurance Contracts (Caihui [2020] No.20). The above notice is applicable to the insurance enterprises incorporated in Mainland China of the Group.

The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. In June 2025, the Government of Hong Kong SAR gazetted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 ("the 2025 Amendment Ordinance") to implement the Income Inclusion Rule (IIR) and Hong Kong Minimum Top-up Tax (HKMTT), which took effect for fiscal years beginning on or after 1 January 2025. Current tax expense related to Pillar Two income taxes was immaterial and recognised for the Year accordingly.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

**14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**

**(b) Reconciliation between tax charges and accounting profit at applicable tax rates:**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before taxation	<b>33,445,730</b>	22,127,699
Notional tax on profit before taxation	7,978,800	5,507,621
Tax effect of non-deductible expenses	998,887	520,099
Tax effect of non-taxable income	<b>(5,575,539)</b>	(5,258,475)
Tax effect of temporary differences not recognised	91,078	(124,562)
Effect of tax concession granted to the businesses of reinsurance with offshore risks	<b>(64,152)</b>	(31,129)
Tax effect of tax losses not recognised	3,994,947	8,774,387
Utilisation of tax losses not previously recognised	<b>(10,555,558)</b>	(35,156)
Tax effect of different tax rates of group entities operating in other jurisdictions	740	15,012
Under/(over) provision in respect of prior years	<b>(50,490)</b>	(37,934)
Income tax charges/(credit)	<b>(3,181,287)</b>	9,329,863

## 15 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the Year.

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b>\$'000</b>	<b>\$'000</b>
Profit attributable to owners of the Company	<b>27,059,279</b>	8,431,613
Distribution relating to perpetual subordinated capital securities	<b>(997,633)</b>	(999,175)
Profit used to determine basic earnings per share	<b>26,061,646</b>	7,432,438
Weighted average number of ordinary shares	<b>3,594,018,538</b>	3,594,018,538
Basic earnings per share ( <i>HK \$ per share</i> )	<b>7.251</b>	2.068

No diluted earnings per share has been presented for the years 2025 and 2024 as the Group had no potential dilutive ordinary shares in issue during the years.

## 16 DIVIDENDS

The final dividend of ordinary shareholders of the Company in respect of the year ended 31 December 2024 recognised as distribution of \$0.35 per ordinary share, in an aggregate amount of \$1,257,906,000 during the Year.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31 December 2025 of \$1.23 per ordinary share has been proposed by the Directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## **17 STATUTORY DEPOSITS**

- (a) Certain subsidiaries of the Group have placed \$5,324,828,000 (2024: \$5,459,845,000) with banks as capital guarantee funds, pursuant to the relevant insurance rules and regulations. The funds can only be used with the prior approval of the relevant authorities in the event that the subsidiaries cannot meet the statutory solvency requirements or go into liquidation.
- (b) A subsidiary of the Group has pledged a deposit of \$257,757,000 (2024: \$158,031,000) registered in favour of the Monetary Authority of Singapore pursuant to section 34D of the Singapore Insurance Act.
- (c) A subsidiary of the Group has pledged a deposit of \$3,023,000 (2024: \$3,159,000) with banks as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.
- (d) A subsidiary of the Group has deposited a sum of \$1,815,000 (2024: \$1,808,000) in the name of Director of Accounting Service with a bank pursuant to section 77(2e) of the Hong Kong Trustee Ordinance.
- (e) A subsidiary of the Group has deposited a sum of \$329,000 (2024: \$908,000) with The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission.
- (f) Certain subsidiaries of the Group have deposited \$939,826,000 (2024: \$806,867,000) registered in favour of Autoridade Monetária de Macau (“AMCM”) to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

## 18 PROPERTY AND EQUIPMENT

	Land and buildings \$'000	Construction in progress \$'000	Furniture and fixtures \$'000	Computer equipment \$'000	Motor vehicles \$'000	Operating lease assets \$'000	Total \$'000
<b>Cost or valuation:</b>							
At 1 January 2024	23,300,011	2,157,913	3,907,869	5,344,159	341,742	11,580,241	46,631,935
Exchange adjustments	(309,711)	(44,611)	(78,770)	(101,209)	(7,724)	(158,267)	(700,292)
Additions	378	604,182	323,781	527,439	7,518	6,957,242	8,420,540
Disposals	-	-	(37,219)	(179,062)	(14,397)	(1,752,922)	(1,983,600)
Transfer from construction in progress to computer equipment	-	(24,386)	-	24,386	-	-	-
Transfer from land and buildings to completed investment properties (Note 19)	(510,787)	-	-	-	-	-	(510,787)
Transfer from construction in progress to land and buildings	960,901	(960,901)	-	-	-	-	-
Transfer from completed investment properties to land and buildings (Note 19)	1,218,932	-	-	-	-	-	1,218,932
Capitalisation of leasehold land depreciation (Note 20)	-	53,700	-	-	-	-	53,700
<b>At 31 December 2024</b>	<b>24,659,724</b>	<b>1,785,897</b>	<b>4,115,661</b>	<b>5,615,713</b>	<b>327,139</b>	<b>16,626,294</b>	<b>53,130,428</b>
Exchange adjustments	407,911	44,473	96,809	129,966	8,697	204,211	892,067
Additions	5,506	316,661	263,033	615,818	13,369	4,215,416	5,429,803
Disposals	-	-	(201,082)	(92,931)	(19,288)	(1,548,075)	(1,861,376)
Acquired on acquisition/Derecognised on disposal of subsidiaries	-	-	2,627	42,586	1,836	-	47,049
Transfer from construction in progress to computer equipment	-	(7,523)	-	7,523	-	-	-
Transfer from construction in progress to inventory (Note 30)	-	(667,984)	-	-	-	-	(667,984)
Transfer from construction in progress to land and buildings	36,954	(36,954)	-	-	-	-	-
Transfer from construction in progress to completed investment properties (Note 19)	-	(813,696)	-	-	-	-	(813,696)
Transfer from land and buildings to completed investment properties (Note 19)	(593,511)	-	-	-	-	-	(593,511)
Transfer from completed investment properties to land and buildings (Note 19)	448,914	-	-	-	-	-	448,914
Transfer from leasehold land to land and buildings (Note 20)	48,284	-	-	-	-	-	48,284
Capitalisation of leasehold land depreciation (Note 20)	-	16,839	-	-	-	-	16,839
<b>At 31 December 2025</b>	<b>25,013,782</b>	<b>637,713</b>	<b>4,277,048</b>	<b>6,318,675</b>	<b>331,753</b>	<b>19,497,846</b>	<b>56,076,817</b>

## 18 PROPERTY AND EQUIPMENT (Continued)

	Land and buildings \$'000	Construction in progress \$'000	Furniture and fixtures \$'000	Computer equipment \$'000	Motor vehicles \$'000	Operating lease assets \$'000	Total \$'000
<b>Accumulated depreciation and impairment:</b>							
At 1 January 2024	3,157,827	-	3,044,118	3,717,389	275,697	1,649,159	11,844,190
Exchange adjustments	(42,256)	-	(65,867)	(82,065)	(6,739)	(37,408)	(234,335)
Charge for the year	585,140	-	394,745	646,326	18,021	601,328	2,245,560
Written back on disposal	-	-	(34,641)	(171,204)	(13,652)	(349,680)	(569,177)
Transfer from land and buildings to completed investment properties (Note 19)	(57,241)	-	-	-	-	-	(57,241)
Recognition of impairment during the year (Note 9)	-	-	-	-	-	30,077	30,077
At 31 December 2024	<b>3,643,470</b>	<b>-</b>	<b>3,338,355</b>	<b>4,110,446</b>	<b>273,327</b>	<b>1,893,476</b>	<b>13,259,074</b>
Exchange adjustments	54,579	-	82,157	103,183	7,585	42,982	290,486
Charge for the year	608,890	-	347,263	665,962	15,254	1,072,689	2,710,058
Written back on disposal	-	-	(160,901)	(86,183)	(18,115)	(315,053)	(580,252)
Acquired on acquisition/Derecognised on disposal of subsidiaries	-	-	1,694	37,597	1,744	-	41,035
Transfer from land and buildings to completed investment properties (Note 19)	(96,771)	-	-	-	-	-	(96,771)
Recognition of impairment during the year (Note 9)	13,720	-	-	-	-	37,054	50,774
At 31 December 2025	<b>4,223,888</b>	<b>-</b>	<b>3,608,568</b>	<b>4,831,005</b>	<b>279,795</b>	<b>2,731,148</b>	<b>15,674,404</b>
<b>Net book value:</b>							
At 31 December 2025	<b>20,789,894</b>	<b>637,713</b>	<b>668,480</b>	<b>1,487,670</b>	<b>51,958</b>	<b>16,766,698</b>	<b>40,402,413</b>
At 31 December 2024	21,016,254	1,785,897	777,306	1,505,267	53,812	14,732,818	39,871,354

As at 31 December 2025, land and buildings of \$5,997,584,000 (2024: \$6,323,870,000) located in Macau, PRC or Hong Kong, PRC have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance or to secure bank loans.

As at 31 December 2025, operating lease assets of \$2,865,386,000 (2024: \$2,024,156,000) have been pledged to financial institutions as collateral in connection with banking facilities arrangements.

## 19 INVESTMENT PROPERTIES

	Completed investment properties \$'000	Investment properties under construction \$'000	Total \$'000
<b>Valuation:</b>			
At 1 January 2024	24,674,196	11,726	24,685,922
Exchange adjustments	(417,655)	(257)	(417,912)
Additions	19,322	2,221	21,543
Write-off			-
Deficit on revaluation	(778,581)	-	(778,581)
Surplus on revaluation upon transfer from land and buildings to completed investment properties	83,522	-	83,522
Transfer from investment properties under construction to completed investment properties	11,157	(11,157)	-
Transfer from land and buildings to completed investment properties (Note 18)	453,546	-	453,546
Transfer from completed investment properties to land and buildings (Note 18)	(1,218,932)	-	(1,218,932)
At 31 December 2024	<b>22,826,575</b>	<b>2,533</b>	<b>22,829,108</b>
Exchange adjustments	435,181	65	435,246
Additions	15,107	-	15,107
Disposals	(1,437)	-	(1,437)
Deficit on revaluation	(1,586,514)	-	(1,586,514)
Transfer from completed investment properties to held for sale assets	(9,070)	-	(9,070)
Surplus on revaluation upon transfer from land and buildings to completed investment properties	60,444	-	60,444
Transfer from investment properties under construction to completed investment properties	2,598	(2,598)	-
Transfer from construction in progress to completed investment properties (Note 18)	813,696	-	813,696
Transfer from land and buildings to completed investment properties (Note 18)	496,740	-	496,740
Transfer from completed investment properties to land and buildings (Note 18)	(448,914)	-	(448,914)
Transfer from leasehold land to completed investment properties (Note 20)	1,058,230	-	1,058,230
At 31 December 2025	<b>23,662,636</b>	<b>-</b>	<b>23,662,636</b>

The investment properties of the Group were revalued at dates of transfer and as at 31 December 2025 and 2024 by independent firm of surveyors. A revaluation deficit of \$1,586,514,000 (2024: \$778,581,000) has been recognised in the consolidated statement of profit or loss (Note 7).

As at 31 December 2025, investment properties of \$2,333,921,000 (2024: \$2,160,421,000) located in Macau, PRC or Hong Kong, PRC have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance or to secure bank loans.

## 19 INVESTMENT PROPERTIES (Continued)

### Fair value measurement of investment properties

The following table analyse the Group's investment properties carried at fair value by level of inputs to valuation techniques used to measure fair value.

	Fair value hierarchy	Fair value at 31 December 2025 \$'000	Fair value at 31 December 2024 \$'000	Valuation technique(s)	Significant unobservable inputs	Range of unobservable inputs	Correlation unobservable inputs to fair value
Completed commercial property units	Level 3	22,474,916	21,549,100	Income approach	Yield	2.75% - 9%	The higher the yield, the lower the fair value
					Market unit rent	\$2 - \$943 per square meter	The higher the rent, the higher the fair value
Completed residential property units	Level 3	451,004	536,214	Income approach	Yield	1.5% - 9%	The higher the yield, the lower the fair value
					Market unit rent	\$3 - \$684 per square meter	The higher the rent, the higher the fair value
Completed industrial property units	Level 3	736,716	732,218	Income approach	Yield	5% - 8%	The higher the yield, the lower the fair value
					Market unit rent	\$1 - \$113 per square meter	The higher the rent, the higher the fair value
Investment properties under construction	Level 3	-	11,576	Income approach	Yield	5% - 8%	The higher the yield, the lower the fair value
					Market unit rent	\$1 - \$8 per square meter	The higher the rent, the higher the fair value
		<b>23,662,636</b>	22,829,108				

There was no transfer into or out of Level 3 during the Year.

## 20 RIGHT-OF-USE ASSETS

### The movement of right-of-use assets

	Leasehold land \$'000	Buildings \$'000	Furniture and fixtures \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost:</b>						
At 1 January 2024	5,548,022	3,562,128	5,787	8,365	1,799	9,126,101
Exchange adjustments	(116,342)	(82,207)	(123)	(89)	(47)	(198,808)
Additions	-	1,423,193	419	16	1,608	1,425,236
Expiry/termination of lease contracts	-	(1,747,876)	(219)	(2,791)	(1,492)	(1,752,378)
At 31 December 2024	<b>5,431,680</b>	<b>3,155,238</b>	<b>5,864</b>	<b>5,501</b>	<b>1,868</b>	<b>8,600,151</b>
Exchange adjustments	134,745	89,885	170	46	56	224,902
Additions	347,136	710,518	3,305	980	36	1,061,975
Transfer from Leasehold land to land and buildings (Note 18)	(55,350)	-	-	-	-	(55,350)
Expiry/termination of lease contracts	-	(926,718)	(4,090)	(1,099)	(106)	(932,013)
Transfer from Leasehold land to inventory (Note 30)	(1,021,661)	-	-	-	-	(1,021,661)
Transfer from Leasehold land to completed investment properties (Note 19)	(1,216,605)	-	-	-	-	(1,216,605)
At 31 December 2025	<b>3,619,945</b>	<b>3,028,923</b>	<b>5,249</b>	<b>5,428</b>	<b>1,854</b>	<b>6,661,399</b>
<b>Accumulated depreciation:</b>						
At 1 January 2024	643,104	1,745,929	2,114	4,987	962	2,397,096
Exchange adjustments	(12,742)	(55,623)	(79)	(56)	(45)	(68,545)
Charge for the year	87,237	848,270	2,263	1,489	676	939,935
Expiry/termination of lease contracts	-	(982,055)	(219)	(1,972)	(1,289)	(985,535)
Depreciation capitalised in construction-in-progress (Note 18)	53,700	-	-	-	-	53,700
At 31 December 2024	<b>771,299</b>	<b>1,556,521</b>	<b>4,079</b>	<b>4,448</b>	<b>304</b>	<b>2,336,651</b>
Exchange adjustments	17,966	60,044	141	25	17	78,193
Charge for the year	90,786	735,241	3,138	440	716	830,321
Expiry/termination of lease contracts	-	(726,303)	(3,694)	(741)	-	(730,738)
Depreciation capitalised in construction-in-progress (Note 18)	16,839	-	-	-	-	16,839
Transfer from Leasehold land to land and buildings (Note 18)	(7,066)	-	-	-	-	(7,066)
Transfer from Leasehold land to completed investment properties (Note 19)	(158,375)	-	-	-	-	(158,375)
Transfer from Leasehold land to inventory (Note 30)	(130,742)	-	-	-	-	(130,742)
At 31 December 2025	<b>600,707</b>	<b>1,625,503</b>	<b>3,664</b>	<b>4,172</b>	<b>1,037</b>	<b>2,235,083</b>
<b>Net book value:</b>						
At 31 December 2025	<b>3,019,238</b>	<b>1,403,420</b>	<b>1,585</b>	<b>1,256</b>	<b>817</b>	<b>4,426,316</b>
At 31 December 2024	4,660,381	1,598,717	1,785	1,053	1,564	6,263,500

## 20 RIGHT-OF-USE ASSETS (Continued)

### The movement of right-of-use assets (Continued)

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
Expense relating to short-term leases	90,876	107,972
Expense relating to lease of low-value assets, excluding short-term leases of low-value assets	9,445	1,269

## 21 GOODWILL AND INTANGIBLE ASSETS

### (a) Goodwill

	\$'000
<b>Cost:</b>	
At 1 January 2024	1,084,109
Exchange adjustments	(1,976)
At 31 December 2024	1,082,133
Exchange adjustments	2,283
At 31 December 2025	1,084,416
<b>Impairment loss:</b>	
At 1 January 2024	730,451
Exchange adjustments	(905)
At 31 December 2024	729,546
Exchange adjustments	1,046
At 31 December 2025	730,592
<b>Net book value:</b>	
At 31 December 2025	353,824
At 31 December 2024	352,587

## 21 GOODWILL AND INTANGIBLE ASSETS (Continued)

### (b) Intangible assets

	Trade name \$'000	Trade marks and copy rights \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2024 and 31 December 2024	261,408	-	261,408
Deemed acquisition of a subsidiary	-	9,390	9,390
Addition	-	44	44
Exchange adjustments	-	237	237
At 31 December 2025	261,408	9,671	271,079
<b>Amortisation/Impairment:</b>			
At 1 January 2024 and 31 December 2024	-	-	-
Deemed acquisition of a subsidiary	-	5,836	5,836
Charge for the year	-	949	949
Exchange adjustments	-	162	162
At 31 December 2025	-	6,947	6,947
<b>Net book value:</b>			
At 31 December 2025	261,408	2,724	264,132
At 31 December 2024	261,408	-	261,408

Trade name was acquired in the acquisition of TPI in 2008, which is subject to annual impairment test. The relief-from-royalty approach is adopted to determine the fair value of trade name. At the end of each reporting period, the management of the Group reassessed the assumptions of this approach. As at 31 December 2025, the valuation of the trade name is determined based on the future cash flows estimated by TPI and discounted at 14% (2024: 14%). The trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite.

Particulars of the impairment testing as disclosed in Note 21(c).

## 21 GOODWILL AND INTANGIBLE ASSETS (Continued)

### (c) Impairment tests on goodwill and intangible assets with indefinite useful lives

For impairment testing, goodwill and intangible assets with indefinite useful lives at 31 December 2025 and 2024 were allocated to cash generating units in the following operating segments:

	At 31 December 2025		
	Goodwill	Intangible assets	Total
	\$'000	\$'000	\$'000
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other businesses	50,177	-	50,177
	353,824	261,408	615,232
	At 31 December 2024		
	Goodwill	Intangible assets	Total
	\$'000	\$'000	\$'000
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other businesses	48,940	-	48,940
	352,587	261,408	613,995

The recoverable amount of the cash generating units containing goodwill or intangible assets was determined based on the value-in-use calculation. This calculation uses cash flow projection which represents what management believes is the best estimate of what the cash generating units are able to achieve in their business life. The Directors determined the cash flow projection based on past performance and its expectation for market development.

In respect of life insurance business, the recoverable amount was determined based on TPL's appraisal value, which consists of the adjusted net worth plus the present value of inforce business and the new business value after cost of capital.

In respect of property and casualty business, the recoverable amount was determined by estimating and discounting the future cash flows to its present value.

## 21 GOODWILL AND INTANGIBLE ASSETS (Continued)

### (c) Impairment tests on goodwill and intangible assets with indefinite useful lives (Continued)

In respect of other businesses, the recoverable amount was determined by income approach to convert the expected periodic benefits of ownership into an indication of value, estimating and discounting the future cash flows to its present value.

No impairment loss on goodwill was recognised during the Year (2024: Nil).

No impairment loss on intangible assets was recognised during the Year (2024: Nil).

## 22 SUBSIDIARIES

### (a) General information of principal subsidiaries

The following list contains details of the Company's principal subsidiaries at the end of the reporting period, which in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. The class of shares held is ordinary unless otherwise stated. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All of these are controlled subsidiaries as defined under Note 1(d) and have been consolidated into the Group's financial statements.

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
Taiping Life Insurance Company Limited (note (ii))	Mainland, PRC	RMB10,030,000,000	75.10%	Life insurance business in PRC
Taiping General Insurance Company Limited (notes (ii))	Mainland, PRC	RMB7,670,000,000	100%	Property and casualty insurance business in PRC
Taiping Pension Company Limited (note (ii) and (iv))	Mainland, PRC	RMB3,333,333,300	90%	Pension and Group Life business in PRC
Taiping Asset Management Company Limited (note (ii))	Mainland, PRC	RMB1,000,000,000	80%	Asset management business in PRC
Taiping Capital Asset Management Company Limited (note (ii) and (v))	Mainland, PRC	RMB500,000,000	85.06%	Asset management business in PRC
Taiping Reinsurance Company Limited	Hong Kong, PRC	\$8,822,445,630	75%	Reinsurance business in Hong Kong, PRC
Taiping Reinsurance (China) Company Limited (note (ii))	Mainland, PRC	RMB1,500,000,000	75%	Reinsurance business in PRC

## 22 SUBSIDIARIES (Continued)

### (a) General information of principal subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
China Taiping Insurance (HK) Company Limited <i>(note (i))</i>	Hong Kong, PRC	Ordinary \$2,386,000,000 Deferred \$200,000,000	100%	Property and casualty insurance in Hong Kong, PRC
China Taiping Life Insurance (Hong Kong) Company Limited	Hong Kong, PRC	\$20,319,680,326	100%	Life insurance business in Hong Kong, PRC
China Taiping Insurance (Macau) Company Limited	Macau, PRC	MOP120,000,000	100%	Property and casualty insurance in Macau, PRC
China Taiping Life Insurance (Macau) Company Limited	Macau, PRC	MOP1,000,000,000	100%	Life insurance business in Macau, PRC
China Taiping Insurance (Singapore) PTE. Ltd.	Singapore	SGD270,000,000	100%	Property and casualty and life insurance in Singapore
China Taiping Insurance (UK) Company Limited	United Kingdom	GBP109,000,000	100%	Property and casualty insurance in United Kingdom
PT China Taiping Insurance Indonesia	Indonesia	IDR172,000,000,000	55%	Property and casualty insurance in Indonesia
China Taiping Insurance (LU) S.A. <i>(note (vi))</i>	Luxembourg	EUR18,600,000	100%	Property and casualty insurance in Luxembourg
Taiping Senior Living Investments Co. Ltd. <i>(note (ii))</i>	Mainland, PRC	RMB2,570,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Living Management Co. Ltd. <i>(note (ii))</i>	Mainland, PRC	RMB100,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Health Services (Chengdu) Co.,Ltd. <i>(notes (ii) and (vii))</i>	Mainland, PRC	RMB1,810,000,000	75.10%	Elderly care investment and asset management
Taiping Healthcare (Guangzhou) Company Limited <i>(notes (ii))</i>	Mainland, PRC	RMB822,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Health Services (Kuming) Co.,Ltd. <i>(notes (ii) and (viii))</i>	Mainland, PRC	RMB250,000,000	75.10%	Elderly care investment and asset management
Taiping Healthcare (Beijing) Company Limited <i>(notes (ii))</i>	Mainland, PRC	RMB3,559,552,041	75.10%	Elderly care investment and asset management
Taiping Real Estate (Shanghai) Company Limited <i>(note (ii))</i>	Mainland, PRC	RMB980,000,000	75.85%	Property investment
Dragon Jade Industrial District Management (Shenzhen) Co., Ltd. <i>(note (ii))</i>	Mainland, PRC	RMB111,660,000	100%	Property investment
Taiping Real Estate (Suzhou Industrial Park) Co. Ltd. <i>(note (ii))</i>	Mainland, PRC	RMB776,310,000	85.06%	Property investment
Taiping Real Estate (Beijing) Co. Ltd. <i>(note (ii))</i>	Mainland, PRC	RMB276,779,700	75.10%	Property investment
Taiping Real Estate (Nanning) Co. Ltd. <i>(notes (ii) and (ix))</i>	Mainland, PRC	RMB420,000,000	80.08%	Property investment

## 22 SUBSIDIARIES (Continued)

### (a) General information of principal subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
Beijing Taiping Guang'an Real Estate Co., Ltd (note (ii) and note (x))	Mainland, PRC	RMB2,300,000,000	75.10%	Property investment
Taiping Real Estate (Chengdu) Co. Ltd. (note (ii))	Mainland, PRC	RMB1,500,000,000	76.59%	Property investment
Taiping Real Estate (Hangzhou) Co. Ltd. (note (ii))	Mainland, PRC	RMB1,750,000,000	80.97%	Property investment
Taiping Real Estate (Hainan) Co. Ltd. (note (ii) and note (xi))	Mainland, PRC	RMB1,860,000,000	75.10%	Property investment
Taiping Real Estate (Guangzhou) Co. Ltd. (note (ii))	Mainland, PRC	RMB2,160,000,000	80.88%	Property investment
Taiping Real Estate (Jinan) Co. Ltd. (note (ii))	Mainland, PRC	RMB650,000,000	82.17%	Property investment
Taiping Real Estate (Tianjin) Co. Ltd. (note (ii))	Mainland, PRC	RMB945,000,000	87.55%	Property investment
Taiping Real Estate (Hefei) Co. Ltd. (note (ii))	Mainland, PRC	RMB193,000,000	75.10%	Property investment
Taiping & Sinopec Financial Leasing Co. Ltd. (note (ii))	Mainland, PRC	RMB5,000,000,000	37.55%	Financial leasing
Taiping Fund Management Company Limited (note (ii))	Mainland, PRC	RMB650,000,000	73.93%	Management of investment funds business in PRC
Taiping Financial Holdings Company Limited (notes (iii))	Hong Kong, PRC	Ordinary \$5,067,338,915 Deferred \$10,000,000	100%	Investment holding
Taiping Securities (HK) Company Limited	Hong Kong, PRC	\$363,870,350	100%	Securities broking services
Taiping Assets Management (HK) Company Limited	Hong Kong, PRC	\$212,000,000	100%	Asset management business in Hong Kong, PRC
Taiping Reinsurance Brokers Limited (note (i))	Hong Kong, PRC	Ordinary \$4,000,000 Deferred \$1,000,000	100%	Insurance broking
China Taiping Insurance Service (Japan) Co., Ltd.	Japan	JPY130,000,000	100%	Insurance agency business in Japan
China Taiping Fortunes Limited	BVI/ Hong Kong, PRC	US\$1	100%	Provision of back to back financing arrangement
Taiping Financial Service Co, Ltd. (note (ii))	Mainland, PRC	RMB1,270,833,333	48%	Technology development and consulting services

## 22 SUBSIDIARIES (Continued)

### (a) General information of principal subsidiaries (Continued)

Notes:

- (i) Holders of the non-voting deferred shares in TPRB and CTPI (HK) are not entitled to share profits, receive notice of or attend or vote at any general meeting of these companies. On the winding-up of these companies, the holders of the non-voting deferred shares are not entitled to the distribution of the net assets of these companies for the first \$100 billion; the balance of net assets, if any, over the first \$100 billion shall be distributed among the holders of the ordinary shares and non-voting distributed shares pari passu among themselves in proportion to their respective shareholdings.
- (ii) These companies are Mainland China limited companies.
- (iii) Holders of the non-voting deferred shares in TPFH are entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year of TPFH in respect of which the net profits of TPFH available for dividend exceed \$10 billion. The holders of non-voting deferred shares are not allowed to participate in the profits or assets of TPFH or to vote at meetings of TPFH. On the winding-up of TPFH, the holders of the non-voting deferred shares are entitled out of the surplus assets of TPFH to a return of the capital paid up on these shares held by them respectively after a total sum of \$10 billion has been distributed in such winding up in respect of each of the ordinary shares of TPFH.
- (iv) In October 2025, the National Financial Regulatory Administration approved the increase in registered capital and change in equity of TPP, agreeing to raise the registered capital of TPP by RMB333,333,300 to RMB3,333,333,300. Ageas subscribed to the new shares in Taiping Pension for a cash consideration of RMB1.075 billion and acquired a 10% equity interest in TPP after the capital increase. Consequently, the Company's direct and indirect shareholding in TPP was reduced to 90%. Details of the Company's dilution of equity interest in TPP were disclosed in Note 22A(c).
- (v) In October 2025, the registered capital of TPCA has been increased by RMB150 million to RMB500 million. TPL and TPI contributed such additional capital in cash in amount of RMB90 million and RMB60 million respectively, in portion to their respect equity interest in TPCA.
- (vi) In March 2025, the registered capital of TP Luxembourg has been increased by EUR8.6 million to EUR18.6 million. CTIH contributed such additional capital in cash in amount of EUR8.6 million through China Taiping International Company Limited.
- (vii) In May and July 2025, the registered capital of TSHS (Chengdu) has been increased by RMB350 million and RMB200 million respectively to RMB1.81 billion. TPL has contributed such additional capital in cash.
- (viii) In August 2025, the registered capital of TPSH (Kunming) has been increased by RMB5.5 million to RMB250 million. TPL has contributed such additional capital in cash.
- (ix) In August 2025, the registered capital of TPR (Nanning) has been increased by RMB44 million to RMB420 million. TPL and TPI have contributed such additional capital in cash in amount of RMB35.2 million and RMB8.8 million respectively, in portion to their respect equity interest in TPR (Nanning).
- (x) In November 2025, Beijing Taiping Guang'an Real Estate Co., Ltd. received RMB100 million of registered capital paid in cash by TPL. As at 31 December 2025, the total paid up capital of the company has amounted to RMB2.3 billion, representing the full payment of its registered capital.
- (xi) In January 2025, the registered capital of TPR (Hainan) has been increased by RMB660 million to RMB1.86 billion. TPL has converted its claims amounting to RMB660 million against the company into equity, completing a debt-to-equity conversion capital increase.

## 22 SUBSIDIARIES (Continued)

### (a) General information of principal subsidiaries (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries At 31 December	
		2025	2024
Investment holding	Hong Kong, PRC	21	28
	Mainland, PRC	1	1
		<b>22</b>	29
Insurance broker	Mainland, PRC	2	1
Insurance broker	United Kingdom	1	1
Financial advisory services	Hong Kong, PRC	1	1
Financial leasing	Mainland, PRC	66	66
Financing guarantee and factoring	Mainland, PRC	2	-
Inactive	Hong Kong, PRC	7	13
Inactive	Mainland, PRC	2	2
Nominee services	Hong Kong, PRC	1	1
Medical services	Mainland, PRC	2	1
Money lending and property investment	Hong Kong, PRC	2	3
Property investment	Hong Kong, PRC	16	16
Property investment	Mainland, PRC	2	3
Property management	Mainland, PRC	2	2
Provision of back office service	Mainland, PRC	2	2
Provision of information technology services	Mainland, PRC	2	-
Provision of internal audit services	Mainland, PRC	1	1
Provision of insurance claim survey services	Hong Kong, PRC	1	1
Provision of management services for investment funds	Mainland, PRC	2	2
Provision of property agency services	Hong Kong, PRC	1	1
Provision of trust services	Hong Kong, PRC	1	1
		<b>138</b>	<b>147</b>

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group were disclosed in Note 22(b) below.

## 22 SUBSIDIARIES (Continued)

### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that had material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	At 31 December		2025	2024
				2025	2024		
Taiping Life Insurance Company Limited (Note)	Mainland, PRC	24.90%	24.90%	8,478,631	3,577,391	43,629,537	27,010,909
Taiping & Sinopec Financial Leasing Co. Ltd.	Mainland, PRC	62.45%	62.45%	515,242	515,341	5,468,294	4,957,423
Taiping Reinsurance Company Limited	Hong Kong, PRC	25.00%	25.00%	320,961	239,342	3,331,071	3,030,830
Individually insignificant subsidiaries with non-controlling interests						1,221,898	337,394
						<b>53,650,800</b>	<b>35,336,556</b>

Note:

As at 31 December 2025, Taiping Life Insurance Company Limited has issued RMB20,000,000,000 perpetual capital securities in aggregate, as disclosed in Note 40(b).

## 22 SUBSIDIARIES (Continued)

### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of the Group's subsidiaries that had material non-controlling interests are disclosed below. The summarised financial information below represented amounts before intragroup eliminations.

#### Taiping Life Insurance Company Limited

	At 31 December	
	2025	2024
	\$'000	\$'000
Total assets	1,616,067,234	1,372,701,090
Total liabilities	1,508,370,004	1,301,026,764
Net assets	<u>107,697,230</u>	<u>71,674,326</u>
	Year ended 31 December	
	2025	2024
	\$'000	\$'000
Insurance service results	21,640,084	20,535,334
Investment return	56,100,749	58,318,471
Net investment results	8,931,415	3,272,705
Profit for the year	<u>32,298,638</u>	<u>13,165,756</u>
Other comprehensive income for the year	<u>(2,600,615)</u>	<u>(20,243,043)</u>
Total comprehensive income for the year	<u>29,698,023</u>	<u>(7,077,287)</u>
Total comprehensive income allocated to non-controlling interests	<u>8,174,464</u>	<u>(1,861,419)</u>
Dividends paid to non-controlling interests	<u>882,955</u>	<u>625,001</u>
Net cash inflow from operating activities	123,388,250	106,449,646
Net cash outflow used in investing activities	(179,667,611)	(106,955,302)
Net cash inflow from financing activities	62,084,947	6,698,224
Net cash inflow/(outflow)	<u>5,805,586</u>	<u>6,192,568</u>

**22 SUBSIDIARIES (Continued)**

**(b) Details of non-wholly owned subsidiaries that have material non-controlling interests  
(Continued)**

**Taiping & Sinopec Financial Leasing Co. Limited**

	<b>At 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Total assets	<b>64,060,339</b>	64,696,401
Total liabilities	<b>54,448,524</b>	55,880,031
Net assets	<b>9,611,815</b>	8,816,370
	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Other income	<b>3,435,586</b>	3,280,361
Other finance costs	<b>1,300,360</b>	1,618,307
Profit for the year	<b>825,047</b>	825,205
Other comprehensive income for the year	<b>148,441</b>	(192,926)
Total comprehensive income for the year	<b>973,488</b>	632,279
Total comprehensive income allocated to non-controlling interests	<b>633,996</b>	371,409
Dividends paid to non-controlling interests	<b>123,125</b>	324,565
Net cash inflow from operating activities	<b>1,879,934</b>	11,838,429
Net cash outflow used in investing activities	<b>(3,114,125)</b>	(6,562,752)
Net cash inflow/(outflow) in financing activities	<b>1,942,899</b>	(5,132,621)
Net cash inflow	<b>708,708</b>	143,056

## 22 SUBSIDIARIES (Continued)

### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

#### Taiping Reinsurance Company Limited

	At 31 December	
	2025	2024
	\$'000	\$'000
Total assets	46,036,745	44,777,198
Total liabilities	32,712,440	32,653,875
Net assets	<u>13,324,305</u>	<u>12,123,323</u>
	<b>Year ended 31 December</b>	
	2025	2024
	\$'000	\$'000
Insurance service results	695,368	584,476
Investment return	1,786,849	1,659,800
Net investment results	1,025,660	895,426
Profit for the year	<u>1,283,842</u>	<u>957,367</u>
Other comprehensive income for the year	251,042	101,964
Total comprehensive income for the year	<u>1,534,884</u>	<u>1,059,331</u>
Total comprehensive income allocated to non-controlling interests	<u>383,721</u>	<u>264,832</u>
Dividends paid to non-controlling interests	<u>83,480</u>	<u>16,650</u>
Net cash outflow used in operating activities	(549,682)	(4,800,349)
Net cash inflow/(outflow) in investing activities	1,060,808	5,190,787
Net cash inflow/(outflow) in financing activities	(380,524)	(113,276)
Net cash inflow/(outflow)	<u>130,602</u>	<u>277,162</u>

### (c) Consolidated structured entities

Structured entities consolidated by the Group include certain debt investment plans, equity investment plans and mixed investment products, issued, managed and invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

## 22A SUBSIDIARIES

### (a) Deemed acquisition of a subsidiary

Prior to 1 January 2025, the Group owned 48% equity interests in TPFS, which was classified as an associate by using the equity method. The principal activities of TPFS is engaged in investment holding and financial services.

On 1 January 2025, the Group reassessed a control over TPFS by considering a power over the investee, exposure or rights to variable returns from the involvement with the investee and the ability to use its power to affect the return of the investee. Consequently, the Group concluded that it has a control over TPFS and ceased to account for it as an associate by using the equity method, and accounted for it as a subsidiary since 1 January 2025, which is considered as the deemed acquisition date. Its assets and liabilities are consolidated into the Group's consolidated financial statements by using the acquisition method.

The Group's 48% equity interest in TPFS was measured at a fair value of \$440,731,000 at the deemed acquisition date and the relevant deemed disposal loss of \$241,235,000 was recognised in the Group's consolidated statement of profit or loss. Non-controlling interests of \$478,064,000 was also recognised at the deemed acquisition date. No goodwill was recognised in this transaction.

After completion of this transaction, the financial impacts of TPFS was not significant to the Group.

### (b) Acquisition of partial interests in subsidiaries

*(i) Taiping Equity Investment Management Co., Ltd., (previously named as Taiping Poly Investment Management Company Limited)*

The Group owned 51% equity interests in TPEI, a subsidiary of the Group. The principal activities of TPEI is engaged in providing the management services.

During the Year, the Group acquired the additional 49% equity interests in TPEI at a cash consideration of approximately \$10,912,000 (i.e. RMB10,000,000). After the acquisition completed, TPEI is a wholly owned subsidiary of the Group. This acquisition is accounted for as an equity transaction which resulted in a decrease of accumulated loss of \$7,476,000 being borne by the non-controlling interests and a loss of \$18,388,000 recognised in the capital reserve.

After completion of this transaction, the financial impacts of TPEI is not significant to the Group.

## 22A SUBSIDIARIES (Continued)

### (b) Acquisition of partial interests in subsidiaries (Continued)

#### (ii) *The Ming An Insurance Service Company (Hong Kong) Limited*

During the Year, the Group acquired the additional 50% equity interests in MAIS at a cash consideration of approximately \$982,000. The principal activities of MAIS is engaged in the provision of insurance claims survey service and insurance agency service. After the acquisition completed, MAIS is a wholly owned subsidiary of the Group. This acquisition is accounted for as an equity transaction which resulted in an insignificant gain recognised in the capital reserve.

### (c) Issuance of shares by Taiping Pension Company Limited

On 20 May 2024, the Company, Dragon Jade, TPP and Ageas, an independent third party, entered into a capital increase agreement, pursuant to which TPP had conditionally agreed to issue new shares representing 10% of the enlarged issued share capital of TPP at the cash consideration of equivalent to \$1.180 billion (i.e. RMB1.075 billion) to Ageas. In October 2025, the relevant regulatory approvals had been obtained that TPP's capital is permitted to change and increase. This acquisition is accounted for as an equity transaction. After the transaction completed, the Group's equity interests in TPP is diluted to 90%, and a gain of \$641,154,000 was recognised in the capital reserve.

### (d) Deemed disposal in Hong Kong Financial Transactions and Services Limited

During the Year, the Group has loss of control over HKFSTS, previously a subsidiary, as a result of share allotment during the year. After the share allotment, the Group retained 40% equity interest in HKFSTS and classified as an associate. The transaction resulted in an insignificant gain recognised in the income statement.

The fair value of the remaining equity interest as at the date of loss of control as a deemed disposal was \$100,002,880, which was regarded as the initial cost of the Group's investment in the associate.

As at 31 December 2025, the Group is negotiating with an independent third party to dispose of its entire equity interest in HKFSTS and considers the sale highly probable. The transaction is expected to be completed within 2026. Therefore, HKFSTS has been classified as held-for-sale asset, as disclosed in Note 30.

## 23 INTERESTS IN ASSOCIATES AND JOINT VENTURES

### (a) Interests in associates

	At 31 December	
	2025	2024
	\$'000	\$'000
Cost of investment in associates	11,142,793	33,215,486
Share of post-acquisition profits and other comprehensive income, net of dividends received and impairment	534,727	(5,016,977)
	<b>11,677,520</b>	<b>28,198,509</b>

Shanghai Rural Commercial Bank Co., Ltd. and Taiping Financial Services Co., Ltd. are individually material to the Group as at 31 December 2024. No associate is individually material to the Group as at 31 December 2025. The reasons are as follows:

#### (i) Shanghai Rural Commercial Bank Co., Ltd.

Prior to October 2025, the Group was able to exercise significant influence over Shanghai Rural Commercial Bank Co., Ltd. through the nomination of a representative being a director to its board to participate in its financial and operating decisions. Therefore, the interests in Shanghai Rural Commercial Bank Co., Ltd. were classified as an associate of the Group and accounted for using the equity method.

In October 2025, the director representing our Group resigned from the board of Shanghai Rural Commercial Bank Co., Ltd. The Group also decided to relinquish its right to nominate another director of its board. Therefore, the Group is no longer having any significant influence over Shanghai Rural Commercial Bank Co., Ltd. As such, the Group classified its equity interests in Shanghai Rural Commercial Bank Co., Ltd. as a financial instrument accordingly.

#### (ii) Taiping Financial Services Co., Ltd.

On 1 January 2025, the Group reassessed a control over TPFS. It was concluded that the Group has a control over TPFS as a subsidiary and terminated accounting for TPFS as an associate by using the equity method. The details are disclosed in Note 22A(a).

### Aggregate information of associates that are not individually material

	Year ended 31 December	
	2025	2024
	\$'000	\$'000
The Group's share of net profit/(loss) for the year	1,756,840	1,975,729
The Group's share of other comprehensive income for the year	(17,271)	42,237
The Group's share of total comprehensive income for the year	<b>1,739,569</b>	<b>2,017,966</b>

**23 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(b) Interests in joint ventures**

	<b>At 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Unlisted shares, at cost	<b>1,131,371</b>	1,610,707
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>(328,775)</b>	(890,543)
	<b>802,596</b>	720,164

No joint venture is individually material to the Group as at 31 December 2025 and 2024.

**Aggregate information of joint ventures that are not individually material**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
The Group's share of net profit/(loss) for the year	<b>293,549</b>	124,174
The Group's share of other comprehensive income for the year	-	(763)
	<b>293,549</b>	123,411

## 24 DEFERRED TAX ASSETS AND LIABILITIES

### (a) Deferred tax assets and liabilities recognised

The movement in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same taxation jurisdiction, is as follows:

Deferred tax arising from:	Difference in depreciation allowances and related depreciation \$'000	Revaluation of properties \$'000	Fair value adjustments on financial investments \$'000	Insurance contract liabilities \$'000	Unused tax losses \$'000	Accrued salaries \$'000	Others \$'000	Total \$'000
At 1 January 2025	68,925	(1,418,018)	(37,527,231)	34,803,939	8,345,040	1,699,813	651,301	6,623,769
Credited/(charged) to consolidated statement of profit or loss	3,198	296,516	(2,193,853)	(6,550,071)	13,475,379	(279,092)	(426,459)	4,325,618
Credited/(charged) to other comprehensive income	-	(8,547)	9,707,306	(8,128,599)	-	-	6,565	1,576,725
Deemed acquisition of a subsidiary	-	-	(4,220)	-	906	-	921	(2,393)
Exchange difference	5,821	(50,242)	(773,522)	613,340	328,054	13,366	16,458	153,275
At 31 December 2025	<u>77,944</u>	<u>(1,180,291)</u>	<u>(30,791,520)</u>	<u>20,738,609</u>	<u>22,149,379</u>	<u>1,434,087</u>	<u>248,786</u>	<u>12,676,994</u>
At 1 January 2024	32,349	(1,661,448)	(12,952,172)	14,521,588	6,981,167	2,388,617	275,392	9,585,493
Credited/(charged) to consolidated statement of profit or loss	37,902	236,201	(6,146,081)	(4,155,058)	1,482,351	(553,347)	389,022	(8,709,010)
Credited/(charged) to other comprehensive income	-	(3,912)	(20,784,631)	26,588,585	-	-	(8,654)	5,791,388
Exchange difference	(1,326)	11,141	2,355,653	(2,151,176)	(118,478)	(135,457)	(4,459)	(44,102)
At 31 December 2024	<u>68,925</u>	<u>(1,418,018)</u>	<u>(37,527,231)</u>	<u>34,803,939</u>	<u>8,345,040</u>	<u>1,699,813</u>	<u>651,301</u>	<u>6,623,769</u>

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>14,512,962</b>	8,495,132
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(1,835,968)</b>	(1,871,363)
	<b><u>12,676,994</u></b>	<u>6,623,769</u>

### (b) Deferred tax assets not recognised

As at 31 December 2025, the Group did not recognise deferred tax assets in respect of certain tax losses of \$28,979,584,000 (2024: \$54,776,907,000) and certain temporary differences of \$798,905,000 (2024: \$633,973,000). \$19,002,780,000 (2024: \$45,500,666,000) of the total tax losses can be carried forward up to five years after the year in which the loss was originated to offset future taxable profits, while the remaining tax losses and temporary difference do not expire under current tax legislation.

## 25 FINANCIAL INVESTMENTS

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
At fair value through profit or loss		
Debt investments		
- Listed	28,535,659	34,706,226
- Unlisted	223,882,037	249,403,206
Equity securities		
- Listed	138,232,499	82,602,246
- Unlisted	8,799,672	9,984,824
Investment funds		
- Listed	10,064,713	7,923,059
- Unlisted	67,008,487	65,353,955
Precious metals	32,381	-
	<b>476,555,448</b>	<b>449,973,516</b>
At amortised cost		
- Listed	62,178,508	72,677,787
- Unlisted	30,812,725	39,482,746
	<b>92,991,233</b>	<b>112,160,533</b>
Debt investments at fair value through other comprehensive income		
- Listed	214,100,700	132,541,427
- Unlisted	813,594,577	696,244,712
	<b>1,027,695,277</b>	<b>828,786,139</b>
Equity investments at fair value through other comprehensive income		
- Listed	74,180,526	47,638,027
- Unlisted	3,652,079	3,758,314
	<b>77,832,605</b>	<b>51,396,341</b>

## 25 FINANCIAL INVESTMENTS *(Continued)*

*Notes:*

- (i) As at 31 December 2025, debt and equity investments with total carrying amounts of \$16,286,779,000 (2024: \$14,544,262,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

As at 31 December 2025, debt and equity investments with total carrying amounts of \$9,397,000 (2024: \$9,820,000) have been set aside as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.

- (ii) For the equity investments which are not held for trading but for long-term investments, the Group has irrevocably elected to recognise them as equity investments at fair value through other comprehensive income at initial recognition.

During the Year, for the consideration of optimising asset allocation and asset-liability management, the Group disposed of equity investments at fair value through other comprehensive income amounted to \$7,505,021,000 (2024: \$6,247,846,000), and the net cumulative profit of \$254,609,000 (2024: \$141,402,000) on disposal was transferred from other comprehensive income to retained profits.

The dividend income of equity investments at fair value through other comprehensive income recognised during the Year are disclosed in Note 7.

## 26 SECURITIES PURCHASED UNDER RESALE AGREEMENTS/SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The Group entered into transactions in which it transferred financial assets directly to third parties. As the Group has retained substantially all of the risks and rewards relating to these securities, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as securities sold under repurchase agreements. The following were the Group's securities that were transferred to the third parties with terms to repurchase these securities at the agreed dates and prices. These securities are either measured at amortised cost or carried at fair value respectively in the Group's consolidated statement of financial position.

	At 31 December 2025			
	Amortised cost	FVPL	FVOCI	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount of transferred/pledged assets	4,458,447	9,416,335	179,803,162	193,677,944
Carrying amount of associated liabilities				
- securities sold under repurchase agreements	(2,892,618)	(8,732,154)	(95,106,929)	(106,731,701)
Net position	<u>1,565,829</u>	<u>684,181</u>	<u>84,696,233</u>	<u>86,946,243</u>
	At 31 December 2024			
	Amortised cost	FVPL	FVOCI	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount of transferred/pledged assets	5,018,164	10,663,678	98,164,085	113,845,927
Carrying amount of associated liabilities				
- securities sold under repurchase agreements	(2,610,406)	(9,806,413)	(34,266,394)	(46,683,213)
Net position	<u>2,407,758</u>	<u>857,265</u>	<u>63,897,691</u>	<u>67,162,714</u>

Conversely, the Group also enters into short-term investment arrangements secured by the securities purchased. The securities purchased are not recognised in the consolidated statement of financial position.

All of the securities purchased under resale agreements and securities sold under repurchase agreements are denominated in RMB and will be settled within one year from the end of the reporting period. The carrying amount of the securities purchased under resale agreements and securities sold under repurchase agreements approximate to their fair values.

As at 31 December 2025, most of the securities purchased under resale agreements and the securities sold under repurchase agreements will mature within 29 days (2024: within 16 days), with interest rates of 1.62% to 2.25% (2024: 0.98% to 3%) and 1.08% to 2.45% (2024: 1.08% to 4.4%) per annum, respectively.

## 27 AMOUNTS DUE FROM/(TO) GROUP COMPANIES

### (a) Due from group companies

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Amount due from the ultimate holding company	6,900	6,730
Amount due from the immediate holding company	6,322	6,650
Amounts due from fellow subsidiaries	42,587	41,834
	<b>55,809</b>	55,214
Loan to a fellow subsidiary	1,257,262	1,257,262
	<b>1,313,071</b>	1,312,476

The amounts due from group companies are unsecured, interest free and repayable on demand.

The loan to a fellow subsidiary included \$1,250,000,000, which is unsecured, repayable within contract period and carrying interest at fixed interest rates of 5.80% per annum as at 31 December 2025 (2024: 5.80%).

### (b) Due to group companies

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Amount due to the ultimate holding company	5,958	6,696
Amount due to the immediate holding company	11,542	15,450
	<b>17,500</b>	22,146

The amounts due to group companies are unsecured, interest free and repayable on demand.

## 28 INSURANCE AND REINSURANCE CONTRACTS

### (a) Movements in insurance and reinsurance contract balances

#### Insurance contracts

#### *Analysis by remaining coverage and incurred claims*

	Year ended 31 December 2025									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Liabilities for incurred claims	Subtotal	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	Total
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Insurance contract liabilities as at 1 January	1,340,376,974	10,904,360	25,116,259	1,376,397,593	17,963,297	524,734	17,520,036	1,004,721	37,012,788	1,413,410,381
Insurance contract assets as at 1 January	(2,469,213)	25,275	2,383,066	(60,872)	(1,103,005)	8,190	276,897	7,808	(810,110)	(870,982)
<b>Net insurance contract liabilities/(assets) as at 1 January</b>	<b>1,337,907,761</b>	<b>10,929,635</b>	<b>27,499,325</b>	<b>1,376,336,721</b>	<b>16,860,292</b>	<b>532,924</b>	<b>17,796,933</b>	<b>1,012,529</b>	<b>36,202,678</b>	<b>1,412,539,399</b>
<b>Change in the statement of profit or loss and other comprehensive income</b>										
<b>Insurance revenue</b>										
Contracts using the modified retrospective approach	(37,042,209)	-	-	(37,042,209)	(38,851)	-	-	-	(38,851)	(37,081,060)
Contracts using the fair value approach	(116,020)	-	-	(116,020)	-	-	-	-	-	(116,020)
All other contracts	(25,695,230)	-	-	(25,695,230)	(49,374,758)	-	-	-	(49,374,758)	(75,069,988)
<b>Total insurance revenue</b>	<b>(62,853,459)</b>	<b>-</b>	<b>-</b>	<b>(62,853,459)</b>	<b>(49,413,609)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,413,609)</b>	<b>(112,267,068)</b>
<b>Insurance service expenses</b>										
Incurred claims and other expenses	-	(1,659,916)	22,696,117	21,036,201	-	-	34,416,758	492,526	34,909,284	55,945,485
Amortisation of insurance acquisition cash flows	18,430,338	-	-	18,430,338	12,320,856	-	-	-	12,320,856	30,751,194
Losses on onerous contracts and reversals of those losses	-	829,023	-	829,023	-	80,283	-	-	80,283	909,306
Changes in fulfillment cash flows relating to the liabilities for incurred claims	-	-	(218,744)	(218,744)	-	-	(170,687)	(386,329)	(557,016)	(775,760)
<b>Total insurance service expenses</b>	<b>18,430,338</b>	<b>(830,893)</b>	<b>22,477,373</b>	<b>40,076,818</b>	<b>12,320,856</b>	<b>80,283</b>	<b>34,246,071</b>	<b>106,197</b>	<b>46,753,407</b>	<b>86,830,225</b>
<b>Insurance service result</b>	<b>(44,423,121)</b>	<b>(830,893)</b>	<b>22,477,373</b>	<b>(22,776,641)</b>	<b>(37,092,753)</b>	<b>80,283</b>	<b>34,246,071</b>	<b>106,197</b>	<b>(2,660,202)</b>	<b>(25,436,843)</b>
Effect of exchange differences	33,779,100	201,806	439,388	34,420,294	372,593	13,227	419,206	20,019	825,045	35,245,339
Financial movements in insurance contracts	19,229,438	263,945	593,198	20,086,581	447,691	-	470,206	30,379	948,276	21,034,857
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>8,585,417</b>	<b>(365,142)</b>	<b>23,509,959</b>	<b>31,730,234</b>	<b>(36,272,469)</b>	<b>93,510</b>	<b>35,135,483</b>	<b>156,595</b>	<b>(886,881)</b>	<b>30,843,353</b>
<b>Investment components and premium refunds</b>	<b>(98,989,023)</b>	<b>-</b>	<b>98,989,023</b>	<b>-</b>	<b>(3,028,028)</b>	<b>-</b>	<b>3,028,028</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>										
Premium received	234,408,870	-	-	234,408,870	51,374,926	-	-	-	51,374,926	285,783,796
Claims and other insurance service expenses paid, including investment components	-	-	(117,561,912)	(117,561,912)	-	-	(33,542,306)	-	(33,542,306)	(151,104,218)
Insurance acquisition cash flows	(14,461,178)	-	-	(14,461,178)	(13,067,972)	-	-	-	(13,067,972)	(27,529,150)
Other related cash flows	4,974,189	-	674	4,974,863	(663,659)	-	23,305	-	(640,354)	4,334,509
<b>Total cash flows</b>	<b>224,921,881</b>	<b>-</b>	<b>(117,561,238)</b>	<b>107,360,643</b>	<b>37,643,295</b>	<b>-</b>	<b>(33,519,001)</b>	<b>-</b>	<b>4,124,294</b>	<b>111,484,937</b>
Insurance contract liabilities as at 31 December	1,476,647,916	10,532,218	28,317,045	1,515,497,179	16,350,925	619,096	21,963,010	1,159,072	40,092,103	1,555,589,282
Insurance contract assets as at 31 December	(4,221,880)	32,275	4,120,024	(69,581)	(1,147,835)	7,338	478,433	10,052	(652,012)	(721,593)
<b>Net insurance contract liabilities/(assets) as at 31 December</b>	<b>1,472,426,036</b>	<b>10,564,493</b>	<b>32,437,069</b>	<b>1,515,427,598</b>	<b>15,203,090</b>	<b>626,434</b>	<b>22,441,443</b>	<b>1,169,124</b>	<b>39,440,091</b>	<b>1,554,867,689</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Insurance contracts (Continued)

#### *Analysis by remaining coverage and incurred claims (Continued)*

	Year ended 31 December 2024									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component \$'000	Loss component \$'000	Liabilities for incurred claims \$'000	Subtotal \$'000	Excluding loss component \$'000	Loss component \$'000	Estimates of present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Subtotal \$'000	Total \$'000
Insurance contract liabilities as at 1 January	1,127,607,695	9,250,027	22,128,789	1,158,986,511	19,175,627	514,233	17,060,424	804,333	37,554,617	1,196,541,128
Insurance contract assets as at 1 January	(5,195,243)	659,063	3,860,072	(676,108)	(4,018,713)	95,652	3,040,533	106,969	(775,559)	(1,451,667)
<b>Net insurance contract liabilities/(assets) as at 1 January</b>	<b>1,122,412,452</b>	<b>9,909,090</b>	<b>25,988,861</b>	<b>1,158,310,403</b>	<b>15,156,914</b>	<b>609,885</b>	<b>20,100,957</b>	<b>911,302</b>	<b>36,779,058</b>	<b>1,195,089,461</b>
<b>Change in the statement of profit or loss and other comprehensive income</b>										
<b>Insurance revenue</b>										
Contracts using the modified retrospective approach	(38,299,351)	-	-	(38,299,351)	(3,230,433)	-	-	-	(3,230,433)	(41,529,784)
Contracts using the fair value approach	(166,708)	-	-	(166,708)	-	-	-	-	-	(166,708)
All other contracts	(22,469,610)	-	-	(22,469,610)	(47,101,657)	-	-	-	(47,101,657)	(69,571,267)
<b>Total insurance revenue</b>	<b>(60,935,669)</b>	<b>-</b>	<b>-</b>	<b>(60,935,669)</b>	<b>(50,332,090)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,332,090)</b>	<b>(111,267,759)</b>
<b>Insurance service expenses</b>										
Incurred claims and other expenses	-	(2,023,064)	21,259,009	19,235,945	-	-	34,641,410	481,156	35,122,566	54,358,511
Amortisation of insurance acquisition cash flows	17,851,055	-	-	17,851,055	12,610,753	-	-	-	12,610,753	30,461,808
Losses on onerous contracts and reversals of those losses	-	2,922,255	-	2,922,255	-	(66,645)	-	-	(66,645)	2,855,610
Changes in fulfillment cash flows relating to the liabilities for incurred claims	-	-	825,186	825,186	-	-	(1,669,792)	(398,687)	(2,068,479)	(1,243,293)
<b>Total insurance service expenses</b>	<b>17,851,055</b>	<b>899,191</b>	<b>22,084,195</b>	<b>40,834,441</b>	<b>12,610,753</b>	<b>(66,645)</b>	<b>32,971,618</b>	<b>82,469</b>	<b>45,598,195</b>	<b>86,432,636</b>
<b>Insurance service result</b>	<b>(43,084,614)</b>	<b>899,191</b>	<b>22,084,195</b>	<b>(20,101,228)</b>	<b>(37,721,337)</b>	<b>(66,645)</b>	<b>32,971,618</b>	<b>82,469</b>	<b>(4,733,895)</b>	<b>(24,835,123)</b>
Effect of exchange differences	(24,289,173)	(177,693)	(351,377)	(24,818,243)	(316,916)	(10,031)	(338,658)	(15,076)	(680,681)	(25,498,924)
Financial movements in insurance contracts	165,994,212	299,047	484,570	166,777,829	459,040	(285)	557,820	33,834	1,050,409	167,828,238
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>98,620,425</b>	<b>1,020,545</b>	<b>22,217,388</b>	<b>121,858,358</b>	<b>(37,579,213)</b>	<b>(76,961)</b>	<b>33,190,780</b>	<b>101,227</b>	<b>(4,364,167)</b>	<b>117,494,191</b>
<b>Investment components and premium refunds</b>	<b>(97,587,423)</b>	<b>-</b>	<b>97,587,423</b>	<b>-</b>	<b>(2,518,195)</b>	<b>-</b>	<b>2,518,195</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>										
Premium received	228,512,460	-	-	228,512,460	52,726,227	-	-	-	52,726,227	281,238,687
Claims and other insurance service expenses paid, including investment components	-	-	(118,327,071)	(118,327,071)	-	-	(38,016,043)	-	(38,016,043)	(156,343,114)
Insurance acquisition cash flows	(17,565,610)	-	-	(17,565,610)	(10,329,927)	-	-	-	(10,329,927)	(27,895,537)
Other related cash flows	3,515,457	-	32,724	3,548,181	(595,514)	-	3,044	-	(592,470)	2,955,711
<b>Total cash flows</b>	<b>214,462,307</b>	<b>-</b>	<b>(118,294,347)</b>	<b>96,167,960</b>	<b>41,800,786</b>	<b>-</b>	<b>(38,012,999)</b>	<b>-</b>	<b>3,787,787</b>	<b>99,955,747</b>
Insurance contract liabilities as at 31 December	1,340,376,974	10,904,360	25,116,259	1,376,397,593	17,963,297	524,734	17,520,036	1,004,721	37,012,788	1,413,410,381
Insurance contract assets as at 31 December	(2,469,213)	25,275	2,383,066	(60,872)	(1,103,005)	8,190	276,897	7,808	(810,110)	(870,982)
<b>Net insurance contract liabilities/(assets) as at 31 December</b>	<b>1,337,907,761</b>	<b>10,929,635</b>	<b>27,499,325</b>	<b>1,376,336,721</b>	<b>16,860,292</b>	<b>532,924</b>	<b>17,796,933</b>	<b>1,012,529</b>	<b>36,202,678</b>	<b>1,412,539,399</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Insurance contracts (Continued)

#### *Analysis by measurement component – Contracts not measured under the PAA*

	Year ended 31 December 2025							
	Estimates of present value of future cash flows \$ '000	Risk adjustment for non- financial risk \$ '000	Contractual Service Margin				Subtotal \$ '000	Total \$ '000
			Contracts using the fair value approach \$ '000	Contracts using the modified retrospective approach \$ '000		All other contracts \$ '000		
				\$ '000	\$ '000			
Insurance contract liabilities as at 1 January	1,136,376,699	32,133,875	116,887	158,031,657	49,738,475	207,887,019	1,376,397,593	
Insurance contract assets as at 1 January	(174,691)	12,331	870	-	100,618	101,488	(60,872)	
<b>Net insurance contract liabilities/(assets) as at 1 January</b>	<b>1,136,202,008</b>	<b>32,146,206</b>	<b>117,757</b>	<b>158,031,657</b>	<b>49,839,093</b>	<b>207,988,507</b>	<b>1,376,336,721</b>	
<b>Change in the statement of profit or loss and other comprehensive income</b>								
<b>Changes that relate to current services</b>								
Contractual service margin recognised for services provided	-	-	(19,201)	(13,022,918)	(5,893,970)	(18,936,089)	(18,936,089)	
Change in risk adjustment for non-financial risk	-	(2,245,341)	-	-	-	-	(2,245,341)	
Experience adjustments	(2,205,490)	-	-	-	-	-	(2,205,490)	
<b>Changes that relate to future Services</b>								
Contracts initially recognised in the year	(13,686,280)	2,953,316	-	-	11,834,939	11,834,939	1,101,975	
Changes in estimates that adjust the contractual service margin	(4,367,643)	1,452,598	20,949	3,286,015	(391,919)	2,915,045	-	
Changes in estimates that do not adjust the contractual service margin	(345,463)	72,511	-	-	-	-	(272,952)	
<b>Changes that relate to past services</b>								
Changes in fulfillment cash flow related to incurred claim liabilities	84,426	(303,170)	-	-	-	-	(218,744)	
<b>Insurance service result</b>	<b>(20,520,450)</b>	<b>1,929,914</b>	<b>1,748</b>	<b>(9,736,903)</b>	<b>5,549,050</b>	<b>(4,186,105)</b>	<b>(22,776,641)</b>	
Effect of exchange differences	28,322,059	829,492	3,143	3,930,550	1,335,050	5,268,743	34,420,294	
Financial movements in insurance contracts	11,672,340	654,457	502	5,517,686	2,241,596	7,759,784	20,086,581	
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>19,473,949</b>	<b>3,413,863</b>	<b>5,393</b>	<b>(288,667)</b>	<b>9,125,696</b>	<b>8,842,422</b>	<b>31,730,234</b>	
<b>Cash flows</b>								
Premium received	234,408,870	-	-	-	-	-	234,408,870	
Claims and other insurance service expenses paid, including investment components	(117,561,912)	-	-	-	-	-	(117,561,912)	
Insurance acquisition cash flows	(14,461,178)	-	-	-	-	-	(14,461,178)	
Other related cash flows	4,974,863	-	-	-	-	-	4,974,863	
<b>Total cash flows</b>	<b>107,360,643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,360,643</b>	
Insurance contract liabilities as at 31 December	1,263,154,589	35,532,770	122,592	157,743,011	58,944,217	216,809,820	1,515,497,179	
Insurance contract assets as at 31 December	(117,989)	27,299	558	(21)	20,572	21,109	(69,581)	
<b>Net insurance contract liabilities/(assets) as at 31 December</b>	<b>1,263,036,600</b>	<b>35,560,069</b>	<b>123,150</b>	<b>157,742,990</b>	<b>58,964,789</b>	<b>216,830,929</b>	<b>1,515,427,598</b>	

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Insurance contracts (Continued)

#### *Analysis by measurement component – Contracts not measured under the PAA (Continued)*

	Year ended 31 December 2024						Total \$'000
	Estimates of present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual Service Margin			Subtotal \$'000	
			Contracts using the fair value approach \$'000	Contracts using the modified retrospective approach \$'000	All other contracts \$'000		
Insurance contract liabilities as at 1 January	917,109,951	30,589,846	88,451	179,046,018	32,152,245	211,286,714	1,158,986,511
Insurance contract assets as at 1 January	(885,348)	31,174	-	(3,172)	181,238	178,066	(676,108)
<b>Net insurance contract liabilities/assets as at 1 January</b>	<b>916,224,603</b>	<b>30,621,020</b>	<b>88,451</b>	<b>179,042,846</b>	<b>32,333,483</b>	<b>211,464,780</b>	<b>1,158,310,403</b>
<b>Change in the statement of profit or loss and other comprehensive income</b>							
<b>Changes that relate to current services</b>							
Contractual service margin recognised for services provided	-	-	(58,456)	(13,494,809)	(5,219,604)	(18,772,869)	(18,772,869)
Change in risk adjustment for non-financial risk	-	(2,253,709)	-	-	-	-	(2,253,709)
Experience adjustments	(2,822,091)	-	-	-	-	-	(2,822,091)
<b>Changes that relate to future Services</b>							
Contracts initially recognised in the year	(23,544,414)	3,298,426	-	-	21,357,165	21,357,165	1,111,177
Changes in estimates that adjust the contractual service margin	10,535,785	(1,194,464)	89,732	(9,770,813)	339,760	(9,341,321)	-
Changes in estimates that do not adjust the contractual service margin	2,049,603	(238,525)	-	-	-	-	1,811,078
<b>Changes that relate to past services</b>							
Changes in fulfillment cash flow related to incurred claim liabilities	1,049,816	(224,630)	-	-	-	-	825,186
<b>Insurance service result</b>	<b>(12,731,301)</b>	<b>(612,902)</b>	<b>31,276</b>	<b>(23,265,622)</b>	<b>16,477,321</b>	<b>(6,757,025)</b>	<b>(20,101,228)</b>
Effect of exchange differences	(19,639,188)	(669,626)	(2,489)	(3,553,807)	(953,133)	(4,509,429)	(24,818,243)
Financial movements in insurance contracts	156,179,934	2,807,714	519	5,808,240	1,981,422	7,790,181	166,777,829
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>123,809,445</b>	<b>1,525,186</b>	<b>29,306</b>	<b>(21,011,189)</b>	<b>17,505,610</b>	<b>(3,476,273)</b>	<b>121,858,358</b>
<b>Cash flows</b>							
Premium received	228,512,460	-	-	-	-	-	228,512,460
Claims and other insurance service expenses paid, including investment components	(118,327,071)	-	-	-	-	-	(118,327,071)
Insurance acquisition cash flows	(17,565,610)	-	-	-	-	-	(17,565,610)
Other related cash flows	3,548,181	-	-	-	-	-	3,548,181
<b>Total cash flows</b>	<b>96,167,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,167,960</b>
Insurance contract liabilities as at 31 December	1,136,376,699	32,133,875	116,887	158,031,657	49,738,475	207,887,019	1,376,397,593
Insurance contract assets as at 31 December	(174,691)	12,331	870	-	100,618	101,488	(60,872)
<b>Net insurance contract liabilities/assets as at 31 December</b>	<b>1,136,202,008</b>	<b>32,146,206</b>	<b>117,757</b>	<b>158,031,657</b>	<b>49,839,093</b>	<b>207,988,507</b>	<b>1,376,336,721</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Reinsurance contracts

#### *Analysis by remaining coverage and incurred claims*

	Year ended 31 December 2025									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Assets for remaining coverage				Assets for remaining coverage			Assets for incurred claims		
	Excluding loss-recovery component \$'000	Loss-recovery component \$'000	Assets for incurred claims \$'000	Subtotal \$'000	Excluding loss-recovery component \$'000	Loss-recovery component \$'000	Estimates of present value of future cash \$'000	Risk adjustment for non- risk \$'000	Subtotal \$'000	Total \$'000
Reinsurance contract assets as at 1 January	162,257	(81,994)	(3,174,046)	(3,093,783)	(1,136,610)	(249,221)	(6,178,863)	(135,091)	(7,699,785)	(10,793,568)
Reinsurance contract liabilities as at 1 January	(358,837)	(16,184)	(4,175)	(379,196)	4,730,127	15,359	(4,261,701)	(11,507)	472,278	93,082
<b>Net reinsurance contract liabilities/(assets) as at 1 January</b>	<b>(196,580)</b>	<b>(98,178)</b>	<b>(3,178,221)</b>	<b>(3,472,979)</b>	<b>3,593,517</b>	<b>(233,862)</b>	<b>(10,440,564)</b>	<b>(146,598)</b>	<b>(7,227,507)</b>	<b>(10,700,486)</b>
<b>Allocation of reinsurance premiums paid</b>	<b>1,883,534</b>	<b>-</b>	<b>-</b>	<b>1,883,534</b>	<b>4,825,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,825,815</b>	<b>6,709,349</b>
Recoveries of incurred claims and other insurance services expenses	-	75,267	(1,373,795)	(1,298,528)	-	-	(3,814,832)	(98,412)	(3,913,244)	(5,211,772)
Recoveries and reversals of recoveries of loss on onerous underlying contracts	-	(88,362)	-	(88,362)	-	(36,669)	-	-	(36,669)	(125,031)
Changes in fulfilment cash flows relating to incurred claims	-	-	(268,155)	(268,155)	-	-	278,568	51,172	329,740	61,585
Effect of changes in non-performance risk of reinsurers	(4,226)	-	(816)	(5,042)	17	-	7,972	(9)	7,980	2,938
<b>Claims and expenses recoverable from reinsurer</b>	<b>(4,226)</b>	<b>(13,095)</b>	<b>(1,642,766)</b>	<b>(1,660,087)</b>	<b>17</b>	<b>(36,669)</b>	<b>(3,528,292)</b>	<b>(47,249)</b>	<b>(3,612,193)</b>	<b>(5,272,280)</b>
Effect of movements in exchange rates	(10,341)	(3,613)	(34,875)	(48,829)	89,103	(8,291)	(233,130)	1,728	(150,590)	(199,419)
Financial movements in reinsurance contracts	(103,889)	(1,541)	(92,845)	(198,275)	(97,511)	-	(121,946)	(8,552)	(228,009)	(426,284)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>1,765,078</b>	<b>(18,249)</b>	<b>(1,770,486)</b>	<b>(23,657)</b>	<b>4,817,424</b>	<b>(44,960)</b>	<b>(3,883,368)</b>	<b>(54,073)</b>	<b>835,023</b>	<b>811,366</b>
<b>Investment components and premium refunds</b>	<b>761,424</b>	<b>-</b>	<b>(761,424)</b>	<b>-</b>	<b>1,499,497</b>	<b>-</b>	<b>(1,499,497)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>										
Reinsurance premiums paid	(2,837,177)	-	-	(2,837,177)	(6,794,527)	-	-	-	(6,794,527)	(9,631,704)
Amounts received and other reinsurance service expenses received, including investment components	-	-	1,342,189	1,342,189	-	-	4,793,706	-	4,793,706	6,135,895
Other related cash flows	4,371	-	-	4,371	(3,410)	-	37,823	-	34,413	38,784
<b>Total cash flows</b>	<b>(2,832,806)</b>	<b>-</b>	<b>1,342,189</b>	<b>(1,490,617)</b>	<b>(6,797,937)</b>	<b>-</b>	<b>4,831,529</b>	<b>-</b>	<b>(1,966,408)</b>	<b>(3,457,025)</b>
Reinsurance contract assets as at 31 December	(354,683)	(103,565)	(4,138,863)	(4,597,111)	(1,627,020)	(273,428)	(6,830,328)	(187,330)	(8,918,106)	(13,515,217)
Reinsurance contract liabilities as at 31 December	(148,201)	(12,862)	(229,079)	(390,142)	4,739,521	(5,394)	(4,161,572)	(13,341)	559,214	169,072
<b>Net reinsurance contract liabilities/(assets) as at 31 December</b>	<b>(502,884)</b>	<b>(116,427)</b>	<b>(4,367,942)</b>	<b>(4,987,253)</b>	<b>3,112,501</b>	<b>(278,822)</b>	<b>(10,991,900)</b>	<b>(200,671)</b>	<b>(8,358,892)</b>	<b>(13,346,145)</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Reinsurance contracts (Continued)

#### *Analysis by remaining coverage and incurred claims (Continued)*

	Year ended 31 December 2024									
	Contracts not measured under the PAA				Contracts measured under the PAA					
	Assets for remaining coverage				Assets for remaining coverage		Assets for incurred claims			
	Excluding loss-recovery component \$ '000	Loss-recovery component \$ '000	Assets for incurred claims \$ '000	Subtotal \$ '000	Excluding loss-recovery component \$ '000	Loss-recovery component \$ '000	Estimates of present value of future cash \$ '000	Risk adjustment for non- risk \$ '000	Subtotal \$ '000	Total \$ '000
Reinsurance contract assets as at 1 January	380,058	(85,218)	(3,421,904)	(3,127,064)	(1,437,470)	(234,222)	(6,379,575)	(116,728)	(8,167,995)	(11,295,059)
Reinsurance contract liabilities as at 1 January	5,005,461	(20,860)	(4,294,404)	690,197	(310,132)	3,842	(237,360)	(12,812)	(556,462)	133,735
<b>Net reinsurance contract liabilities/(assets) as at 1 January</b>	<b>5,385,519</b>	<b>(106,078)</b>	<b>(7,716,308)</b>	<b>(2,436,867)</b>	<b>(1,747,602)</b>	<b>(230,380)</b>	<b>(6,616,935)</b>	<b>(129,540)</b>	<b>(8,724,457)</b>	<b>(11,161,324)</b>
<b>Allocation of reinsurance premiums paid</b>	<b>1,142,677</b>	<b>-</b>	<b>-</b>	<b>1,142,677</b>	<b>5,345,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,345,831</b>	<b>6,488,508</b>
Recoveries of incurred claims and other insurance services expenses	-	71,863	(601,846)	(529,983)	-	-	(3,129,642)	(68,939)	(3,198,581)	(3,728,564)
Recoveries and reversals of recoveries of loss on onerous underlying contracts	-	(67,464)	-	(67,464)	-	(5,887)	-	-	(5,887)	(73,351)
Changes in fulfilment cash flows relating to incurred claims	-	-	(592,265)	(592,265)	-	-	622,013	61,922	683,935	91,670
Effect of changes in non-performance risk of reinsurers	2,749	-	921	3,670	4,229	-	24,724	143	29,096	32,766
<b>Claims and expenses recoverable from reinsurer</b>	<b>2,749</b>	<b>4,399</b>	<b>(1,193,190)</b>	<b>(1,186,042)</b>	<b>4,229</b>	<b>(5,887)</b>	<b>(2,482,905)</b>	<b>(6,874)</b>	<b>(2,491,437)</b>	<b>(3,677,479)</b>
Effect of movements in exchange rates	(5,778)	2,274	49,429	45,925	(51,817)	5,216	172,784	1,131	127,314	173,239
Financial movements in reinsurance contracts	(187,148)	1,227	(28,639)	(214,560)	(303,919)	(2,811)	104,883	(11,315)	(213,162)	(427,722)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>952,500</b>	<b>7,900</b>	<b>(1,172,400)</b>	<b>(212,000)</b>	<b>4,994,324</b>	<b>(3,482)</b>	<b>(2,205,238)</b>	<b>(17,058)</b>	<b>2,768,546</b>	<b>2,556,546</b>
<b>Investment components and premium refunds</b>	<b>469,909</b>	<b>-</b>	<b>(469,909)</b>	<b>-</b>	<b>4,054,586</b>	<b>-</b>	<b>(4,054,586)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>										
Reinsurance premiums paid	(7,062,053)	-	-	(7,062,053)	(3,629,865)	-	-	-	(3,629,865)	(10,691,918)
Amounts received and other reinsurance service expenses received, including investment components	-	-	6,180,396	6,180,396	-	-	2,436,454	-	2,436,454	8,616,850
Other related cash flows	57,545	-	-	57,545	(77,926)	-	(259)	-	(78,185)	(20,640)
<b>Total cash flows</b>	<b>(7,004,508)</b>	<b>-</b>	<b>6,180,396</b>	<b>(824,112)</b>	<b>(3,707,791)</b>	<b>-</b>	<b>2,436,195</b>	<b>-</b>	<b>(1,271,596)</b>	<b>(2,095,708)</b>
Reinsurance contract assets as at 31 December	162,257	(81,994)	(3,174,046)	(3,093,783)	(1,136,610)	(249,221)	(6,178,863)	(135,091)	(7,699,785)	(10,793,568)
Reinsurance contract liabilities as at 31 December	(358,837)	(16,184)	(4,175)	(379,196)	4,730,127	15,359	(4,261,701)	(11,507)	472,278	93,082
<b>Net reinsurance contract liabilities/(assets) as at 31 December</b>	<b>(196,580)</b>	<b>(98,178)</b>	<b>(3,178,221)</b>	<b>(3,472,979)</b>	<b>3,593,517</b>	<b>(233,862)</b>	<b>(10,440,564)</b>	<b>(146,598)</b>	<b>(7,227,507)</b>	<b>(10,700,486)</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Reinsurance contracts (Continued)

#### *Analysis by measurement component – Contracts not measured under the PAA*

	Year ended 31 December 2025						Total \$ '000
	Estimates of present value of future cash flows \$ '000	Risk adjustment for non-financial risk \$ '000	Contracts using the fair value approach \$ '000	Contractual Service Margin		Subtotal \$ '000	
				Contracts using the modified			
				retrospective approach \$ '000	All other contracts \$ '000		
Reinsurance contract assets as at 1 January	(2,537,121)	(368,563)	94,393	(26,385)	(256,107)	(188,099)	(3,093,783)
Reinsurance contract liabilities as at 1 January	(306,202)	(41,963)	80	(8,217)	(22,894)	(31,031)	(379,196)
<b>Net reinsurance contract liabilities/(assets) as at 1 January</b>	<b>(2,843,323)</b>	<b>(410,526)</b>	<b>94,473</b>	<b>(34,602)</b>	<b>(279,001)</b>	<b>(219,130)</b>	<b>(3,472,979)</b>
<b>Change in the statement of profit or loss and other comprehensive income</b>							
<b>Changes that relate to current service</b>							
Contractual service margin recognised in profit or loss for the services received	-	-	(2,098)	13,604	260,434	271,940	271,940
Change in the risk adjustment for non-financial risk	-	38,545	-	-	-	-	38,545
Experience adjustments	274,521	-	-	-	-	-	274,521
<b>Changes that relate to future service</b>							
Contracts initially recognised in the period	306,583	(139,316)	-	-	(167,267)	(167,267)	-
Changes in estimates that adjust the contractual service margin	(25,040)	(313)	(74,266)	25,354	74,265	25,353	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	-	-	7,797	(8,238)	(87,921)	(88,362)	(88,362)
<b>Changes that relate to past services</b>							
Changes in fulfillment cash flow relating to the assets for incurred claims	(314,117)	45,962	-	-	-	-	(268,155)
<b>Effect of changes in non-performance risk of reinsurers</b>	<b>(4,862)</b>	<b>(180)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,042)</b>
<b>Net expenses from reinsurance contracts held</b>	<b>237,085</b>	<b>(55,302)</b>	<b>(68,567)</b>	<b>30,720</b>	<b>79,511</b>	<b>41,664</b>	<b>223,447</b>
Effect of movements in exchange rates	(36,619)	(9,090)	1,596	(475)	(4,241)	(3,120)	(48,829)
Financial movements in reinsurance contracts	(202,031)	(12,496)	4,974	(51)	11,329	16,252	(198,275)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(1,565)</b>	<b>(76,888)</b>	<b>(61,997)</b>	<b>30,194</b>	<b>86,599</b>	<b>54,796</b>	<b>(23,657)</b>
<b>Cash flows</b>							
Reinsurance premiums paid	(2,837,177)	-	-	-	-	-	(2,837,177)
Amounts received and other reinsurance service expenses received, including investment components	1,342,189	-	-	-	-	-	1,342,189
Other related cash flows	4,371	-	-	-	-	-	4,371
<b>Total cash flows</b>	<b>(1,490,617)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,490,617)</b>
Reinsurance contract assets as at 31 December	(3,935,868)	(457,216)	13,555	(37,931)	(179,651)	(204,027)	(4,597,111)
Reinsurance contract liabilities as at 31 December	(399,637)	(30,198)	18,921	33,523	(12,751)	39,693	(390,142)
<b>Net reinsurance contract liabilities/(assets) as at 31 December</b>	<b>(4,335,505)</b>	<b>(487,414)</b>	<b>32,476</b>	<b>(4,408)</b>	<b>(192,402)</b>	<b>(164,334)</b>	<b>(4,987,253)</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (a) Movements in insurance and reinsurance contract balances (Continued)

#### Reinsurance contracts (Continued)

#### *Analysis by measurement component – Contracts not measured under the PAA (Continued)*

	Year ended 31 December 2024					Subtotal \$ '000	Total \$ '000
	Estimates of present value of future cash flows \$ '000	Risk adjustment for non-financial risk \$ '000	Contractual Service Margin				
			Contracts using the fair value approach \$ '000	Contracts using the modified retrospective approach \$ '000			
				All other contracts \$ '000	Contracts using the modified retrospective approach \$ '000		
Reinsurance contract assets as at 1 January	(2,570,059)	(328,397)	86,799	(31,150)	(284,257)	(228,608)	(3,127,064)
Reinsurance contract liabilities as at 1 January	757,275	(38,703)	-	(10,804)	(17,571)	(28,375)	690,197
<b>Net reinsurance contract liabilities/(assets) as at 1 January</b>	<b>(1,812,784)</b>	<b>(367,100)</b>	<b>86,799</b>	<b>(41,954)</b>	<b>(301,828)</b>	<b>(256,983)</b>	<b>(2,436,867)</b>
<b>Change in the statement of profit or loss and other comprehensive income</b>							
<b>Changes that relate to current service</b>							
Contractual service margin recognised in profit or loss for the services received	-	-	(22,106)	23,034	459,633	460,561	460,561
Change in the risk adjustment for non-financial risk	-	119,699	-	-	-	-	119,699
Experience adjustments	32,434	-	-	-	-	-	32,434
<b>Changes that relate to future service</b>							
Contracts initially recognised in the period	497,318	(153,357)	-	-	(343,961)	(343,961)	-
Changes in estimates that adjust the contractual service margin	(53,197)	(8,011)	29,485	(11,446)	43,169	61,208	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	-	-	(1,320)	(4,709)	(61,435)	(67,464)	(67,464)
<b>Changes that relate to past services</b>							
Changes in fulfillment cash flow relating to the assets for incurred claims	(611,577)	19,312	-	-	-	-	(592,265)
<b>Effect of changes in non-performance risk of reinsurers</b>	<b>3,478</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,670</b>
<b>Net expenses from reinsurance contracts held</b>	<b>(131,544)</b>	<b>(22,165)</b>	<b>6,059</b>	<b>6,879</b>	<b>97,406</b>	<b>110,344</b>	<b>(43,365)</b>
Effect of movements in exchange rates	34,634	7,177	(2,130)	832	5,412	4,114	45,925
Financial movements in reinsurance contracts	(109,517)	(28,438)	3,745	(359)	(79,991)	(76,605)	(214,560)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(206,427)</b>	<b>(43,426)</b>	<b>7,674</b>	<b>7,352</b>	<b>22,827</b>	<b>37,853</b>	<b>(212,000)</b>
<b>Cash flows</b>							
Reinsurance premiums paid	(7,062,053)	-	-	-	-	-	(7,062,053)
Amounts received and other reinsurance service expenses received, including investment components	6,180,396	-	-	-	-	-	6,180,396
Other related cash flows	57,545	-	-	-	-	-	57,545
<b>Total cash flows</b>	<b>(824,112)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(824,112)</b>
Reinsurance contract assets as at 31 December	(2,537,121)	(368,563)	94,393	(26,385)	(256,107)	(188,099)	(3,093,783)
Reinsurance contract liabilities as at 31 December	(306,202)	(41,963)	80	(8,217)	(22,894)	(31,031)	(379,196)
<b>Net reinsurance contract liabilities/(assets) as at 31 December</b>	<b>(2,843,323)</b>	<b>(410,526)</b>	<b>94,473</b>	<b>(34,602)</b>	<b>(279,001)</b>	<b>(219,130)</b>	<b>(3,472,979)</b>

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

### (b) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

#### Insurance contracts

	<b>Profitable contracts issued \$'000</b>	<b>Onerous contracts issued \$'000</b>	<b>Total \$'000</b>
<b>Year ended 31 December 2025</b>			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	11,730,151	2,035,720	13,765,871
- Claims payable and other expenses	109,031,787	24,159,309	133,191,096
Total estimates of present value of cash outflows	120,761,938	26,195,029	146,956,967
Estimates of present value of cash inflows	(134,869,903)	(25,773,344)	(160,643,247)
Risk adjustment for non-financial risk	2,273,026	680,290	2,953,316
Contractual service margin	11,834,939	-	11,834,939
Losses recognised on initial recognition	-	1,101,975	1,101,975
<b>Year ended 31 December 2024</b>			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	14,141,680	2,626,056	16,767,736
- Claims payable and other expenses	116,157,855	27,708,222	143,866,077
Total estimates of present value of cash outflows	130,299,535	30,334,278	160,633,813
Estimates of present value of cash inflows	(154,254,103)	(29,924,124)	(184,178,227)
Risk adjustment for non-financial risk	2,597,403	701,023	3,298,426
Contractual service margin	21,357,165	-	21,357,165
Losses recognised on initial recognition	-	1,111,177	1,111,177

**28 INSURANCE AND REINSURANCE CONTRACTS (Continued)**

(b) Effect of contracts initially recognised in the year (Continued)

Reinsurance contracts

	<b>Reinsurance contracts held \$'000</b>	<b>Total \$'000</b>
<b>Year ended 31 December 2025</b>		
Estimates of present value of cash inflows	(2,819,793)	(2,819,793)
Estimates of present value of cash outflows	3,126,376	3,126,376
Risk adjustment for non-financial risk	(139,316)	(139,316)
Contractual service margin	(167,267)	(167,267)
Income recognised on initial recognition	-	-
<b>Year ended 31 December 2024</b>		
Estimates of present value of cash inflows	2,478,457	2,478,457
Estimates of present value of cash outflows	(1,981,139)	(1,981,139)
Risk adjustment for non-financial risk	(153,357)	(153,357)
Contractual service margin	(343,961)	(343,961)
Income recognised on initial recognition	-	-

## 28 INSURANCE AND REINSURANCE CONTRACTS (Continued)

(c) Expected recognition of contractual service margin in profit or loss

The expected recognition of contractual service margin in profit or loss provided in the table below represents the amount by which the carrying value of the Group's contractual service margin at 31 December 2025 is expected to be apportioned to future years, which does not include contractual service margin for future new business and accrued interest.

	At 31 December 2025		At 31 December 2024	
	Total contractual service margin of insurance contracts issued \$'000	Total contractual service margin of reinsurance contracts held \$'000	Total contractual service margin of insurance contracts issued \$'000	Total contractual service margin of reinsurance contracts held \$'000
<b>Number of years until expected to be recognised in profit or loss</b>				
Within 5 years	71,813,877	(123,446)	67,938,057	(158,338)
5 years to 10 years	46,778,289	(65,062)	44,396,523	(64,144)
More than 10 years	98,238,763	24,174	95,653,927	3,352
Total	216,830,929	(164,334)	207,988,507	(219,130)

## 29 FINANCE LEASE RECEIVABLES

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Finance lease receivables	46,345,117	51,198,631
Less: unearned finance income	(3,182,924)	(3,935,359)
	43,162,193	47,263,272
Less: ECL allowance	(2,134,937)	(2,359,655)
	<b>41,027,256</b>	<b>44,903,617</b>

As at 31 December 2025, finance lease receivables included the amounts of 1,125,974,500 (2024: \$3,469,606,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Less than 1 year	14,192,351	16,947,957
1 to 2 years	11,342,608	11,648,970
2 to 3 years	7,883,423	8,170,728
3 to 4 years	4,834,664	5,270,734
4 to 5 years	2,986,031	3,368,935
More than 5 years	5,106,040	5,791,307
Total undiscounted finance lease receivables	<b>46,345,117</b>	<b>51,198,631</b>

### 30 OTHER ASSETS

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Securities settlement fund	2,643,357	3,102,435
Value-added tax prepaid	1,806,762	1,436,739
Receivables from payment service providers	539,419	544,741
Guarantee deposits paid	8,802,595	2,138,739
Prepayments	1,264,504	1,689,605
Pension management fees receivable	856,895	445,130
Rental and utility deposits	159,556	179,351
Receivables from operating lease <i>(note (i))</i>	110,116	137,400
Inventories <i>(note (ii))</i>	1,684,056	122,069
Deposits for the purchase of property	26,210	21,584
Tax recoverables	32,790	170,823
Dividends Receivable	497,336	3,122
Assets classified as held-for-sale <i>(Note 22A (d))</i>	109,073	-
Others	4,164,358	4,264,204
	<b>22,697,027</b>	<b>14,255,942</b>
Less: ECL allowance	<b>(2,431,355)</b>	<b>(1,820,762)</b>
	<b>20,265,672</b>	<b>12,435,180</b>

*Notes:*

- (i) As at 31 December 2025, no receivables from operating lease (2024: \$60,216,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.
- (ii) The Group's inventories comprise raw materials, product in progress, other supplemental materials and lands purchased that have been set to be used to build properties for sale by subsidiaries.

### 31 PLEDGED AND RESTRICTED BANK DEPOSITS

As at 31 December 2025, the deposits at banks of \$674,384,000 (2024: \$552,011,000) are pledged to banks to secure letters of credit issued by the bank on behalf of the Group, to secure the issue of bank acceptance bills and to provide security in connection with a reinsurance arrangement.

As at 31 December 2025, the deposits at banks of \$446,486,000 (2024: \$460,370,000) are restricted from use and set aside as risk reserves, pursuant to the relevant PRC regulations.

In accordance with relevant regulations, a subsidiary which engages in financial leasing business is required to place reserve deposits with the People's Bank of China. As at 31 December 2025, no reserve deposits were required to be placed (2024: \$213,855,000).

All the pledged and restricted bank deposits are expected to be settled within one year.

### 32 CASH AND CASH EQUIVALENTS

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Deposits with banks and other financial institutions with original maturity less than three months	9,746,791	8,305,711
Cash at bank and on hand	44,613,450	36,082,871
	<b>54,360,241</b>	<b>44,388,582</b>

### 33 INVESTMENT CONTRACT LIABILITIES

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Balance as at 1 January	20,379,713	6,030,767
Premiums received during the year	17,114,875	25,361,866
Interest allocated to investment contracts, net of management fee	280,193	272,928
Surrenders and others	(12,737,629)	(10,952,897)
Exchange difference	554,591	(332,951)
Balance as at 31 December	<b>25,591,743</b>	<b>20,379,713</b>

## 34 INTEREST-BEARING NOTES

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
USD notes ( <i>note (a)</i> )	2,369,212	2,363,299
RMB notes ( <i>note (b)</i> )	2,238,214	-
RMB capital supplement notes ( <i>note (c)</i> )	8,682,675	8,450,123
	<b>13,290,101</b>	<b>10,813,422</b>

*Notes:*

(a) On 2 October 2013, China Taiping Fortunes Limited, a subsidiary of the Group issued 6.0% notes for the principal amount of USD300,000,000 at par. The notes will mature on 2 October 2028. Interest on the notes is payable semi-annually in arrears. The notes issued are unconditionally and irrevocably guaranteed by the Company.

(b) In 2021, TSFL issued 3.45% notes at par for the principal amount of RMB2,000,000,000 and 3.59% notes at par for the principal amount of RMB2,000,000,000. Interest on the notes is payable annually in arrears. The notes were mature and fully redeemed in 2024.

During the year, TSFL issued 1.80% notes at par for the principal amount of RMB2,000,000,000. The notes will mature during the second quarter of 2028. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

(c) On 20 November 2019, TPI, a subsidiary of the Group issued 4.18% capital supplement notes at par for the principal amount of RMB3,000,000,000. The notes will mature on 22 November 2029 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPI. Interest on the notes is payable annually in arrears. The notes were early fully redeemed in the fourth quarter of 2024.

On 2 December 2021, TPL issued 3.61% capital supplementary bonds at par for the principal amount of RMB10,000,000,000. The bonds will mature on 5 December 2031 but the bonds can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL. Interest on the bonds is payable annually in arrears. In 2024, TPL has repurchased and canceled capital supplementary bonds of RMB8,210,000,000. After the completion of the repurchase and cancellation of the capital supplementary bonds, the remaining outstanding balances of the capital supplementary bonds are RMB1,790,000,000.

On 14 January 2022, TPL issued 3.45% capital supplementary bonds at par for the principal amount of RMB5,000,000,000. The bonds will mature on 18 January 2032 but the bonds can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL. Interest on the bonds is payable annually in arrears. In 2024, TPL has repurchased and canceled capital supplementary bonds of RMB3,420,000,000. After the completion of the repurchase and cancellation of the capital supplementary bonds, the remaining outstanding balances of the capital supplementary bonds are RMB1,580,000,000.

### 34 INTEREST-BEARING NOTES (Continued)

Notes: (Continued)

(c) (Continued)

The above repurchase and cancellation of the capital supplementary bonds by TPL has incurred other loss of RMB261,638,000 (equivalent to \$287,075,000) recognised in the profit of loss in 2024.

On 3 March 2023, TPRe(China), a subsidiary of the Group issued 3.88% capital supplement notes at par for the principal amount of RMB1,300,000,000. The notes will mature on 7 March 2033 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPRe(China). Interest on the notes is payable annually in arrears. The notes issued are free of any collateral and guarantee.

On 18 November 2024, TPI issued 2.48% capital supplement notes at par for the principal amount of RMB3,000,000,000. The notes will mature on 20 November 2034 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPI. Interest on the notes is payable annually in arrears.

### 35 BANK BORROWINGS

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Unsecured		
Bank loans (note (i))	10,354,649	11,958,549
Bank loans for financial leasing (note (ii))	47,081,641	49,399,915
	<b>57,436,290</b>	61,358,464
Secured		
Bank loan (note (iii))	4,600,526	4,600,707
Bank loans for financial leasing (note (iv))	2,368,770	3,913,060
	<b>64,405,586</b>	69,872,231

The bank borrowings are repayable as follows:

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Within 1 year	46,107,139	56,674,260
After 1 year but within 5 years	17,514,863	12,372,310
After 5 years	783,584	825,661
	<b>64,405,586</b>	69,872,231

The amounts presented in the above table are based on scheduled repayment dates set out in the loan agreements.

### 35 BANK BORROWINGS (Continued)

Notes:

- (i) As at 31 December 2025, the bank loans are unsecured and carry interest at HIBOR plus 0.50% to HIBOR plus 1.10% (2024: HIBOR plus 0.64% to HIBOR plus 1.00%) per annum, with effective interest rates ranging from 3.60% to 3.95% (2024: 4.46% to 6.39%) per annum.
- (ii) As at 31 December 2025, the bank loans for financial leasing are unsecured and carry interest at weighted average interest rates ranging from 1.65% to 4.94% (2024: 1.90% to 6.12%) per annum.
- (iii) As at 31 December 2025, the bank loan is secured by investment properties, the shares of certain subsidiaries and pledged and restricted bank deposits and carry interest at HIBOR plus 1.10% (2024: HIBOR plus 1.03%), with effective interest rates at 4.10% per annum (2024: 5.60%).
- (iv) As at 31 December 2025, the bank loans for financial leasing are secured by operating lease assets, finance lease receivables and operating lease receivables, and carry interest at interest rates ranging from 2.23% to 4.42% (2024: 2.47% to 5.55%) per annum.

### 36 OTHER PAYABLES AND ACCRUALS

On 20 May 2024, the Company, Dragon Jade, Ageas and TPP entered into a capital increase agreement, pursuant to which TPP has conditionally agreed to issue new shares representing approximately 10% of the enlarged issued share capital of TPP at the consideration of RMB1.075 billion (equivalent to \$1.180 billion) to Ageas. As at 31 December 2024, given the obtainment of relevant regulatory approvals was still in progress, the consideration received was recorded in other payables and accruals. In October 2025, the relevant regulatory approvals had been obtained that TPP's capital is permitted to change and increase. Therefore, the consideration received has been transferred from other payables and accruals to the equity as at 31 December 2025.

The remaining other payables and accruals are expected to be settled within one year.

### 37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amounts due to group companies \$'000	Lease liabilities \$'000	Interest- bearing notes \$'000	Bank borrowings \$'000	Total \$'000
<b>Balance at 1 January 2025</b>	22,146	1,437,899	10,813,422	16,559,256	28,832,723
<b>Changes from financing cash flows:</b>					
Decrease in amounts due to group companies	(4,646)	-	-	-	(4,646)
Repayment of lease liabilities	-	(1,135,758)	-	-	(1,135,758)
Issuance of interest-bearing notes	-	-	2,182,882	-	2,182,882
Proceeds from bank borrowings	-	-	-	100,000	100,000
Repayment of bank borrowings	-	-	-	(1,700,000)	(1,700,000)
Interest paid	-	-	(398,562)	(696,750)	(1,095,312)
<b>Total changes from financing cash flows</b>	<b>(4,646)</b>	<b>(1,135,758)</b>	<b>1,784,320</b>	<b>(2,296,750)</b>	<b>(1,652,834)</b>
<b>Non-cash changes:</b>					
Additions of leases	-	1,058,868	-	-	1,058,868
Expiry/termination of lease contracts	-	(201,275)	-	-	(201,275)
Interest expenses	-	49,583	425,483	692,669	1,167,735
Exchange difference	-	33,632	266,876	-	300,508
<b>Total non-cash changes</b>	<b>-</b>	<b>940,808</b>	<b>692,359</b>	<b>692,669</b>	<b>2,325,836</b>
<b>Balance at 31 December 2025</b>	<b>17,500</b>	<b>1,242,949</b>	<b>13,290,101</b>	<b>14,955,175</b>	<b>29,505,725</b>
	Amounts due to group companies \$'000	Lease liabilities \$'000	Interest- bearing notes \$'000	Bank borrowings \$'000	Total \$'000
<b>Balance at 1 January 2024</b>	16,639	1,646,685	28,606,595	19,566,853	49,836,772
<b>Changes from financing cash flows:</b>					
Increase in amounts due to group companies	5,507	-	-	-	5,507
Repayment of lease liabilities	-	(900,379)	-	-	(900,379)
Issuance of interest-bearing notes	-	-	3,291,675	-	3,291,675
Redemption of interest-bearing notes	-	-	(20,441,304)	-	(20,441,304)
Repayment of bank borrowings	-	-	-	(3,000,000)	(3,000,000)
Interest paid	-	-	(975,059)	(1,053,990)	(2,029,049)
<b>Total changes from financing cash flows</b>	<b>5,507</b>	<b>(900,379)</b>	<b>(18,124,688)</b>	<b>(4,053,990)</b>	<b>(23,073,550)</b>
<b>Non-cash changes:</b>					
Additions of leases	-	1,425,236	-	-	1,425,236
Expiry/termination of lease contracts	-	(766,843)	-	-	(766,843)
Interest expenses	-	64,676	729,509	1,046,393	1,840,578
Exchange difference	-	(31,476)	(397,994)	-	(429,470)
<b>Total non-cash changes</b>	<b>-</b>	<b>691,593</b>	<b>331,515</b>	<b>1,046,393</b>	<b>2,069,501</b>
<b>Balance at 31 December 2024</b>	<b>22,146</b>	<b>1,437,899</b>	<b>10,813,422</b>	<b>16,559,256</b>	<b>28,832,723</b>

## 38 SHARE CAPITAL

	2025		2024	
	No. of shares	\$'000	No. of shares	\$'000
<b>Ordinary Shares, issued and fully paid:</b>				
At 1 January	<u>3,594,018,538</u>	<u>40,771,408</u>	<u>3,594,018,538</u>	<u>40,771,408</u>
At 31 December	<u>3,594,018,538</u>	<u>40,771,408</u>	<u>3,594,018,538</u>	<u>40,771,408</u>

All of the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

## 39 RESERVES

	Attributable to owners of the Company											
	Capital	Merger	Exchange	Fair	Insurance	Revaluation	Retained	Ordinary	Perpetual	Non-	Total	
	reserve	reserve	reserve	value	finance	reserve	profits	shareholders	subordinated	controlling		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2025	(5,618,303)	(6,842,218)	(7,854,208)	80,084,469	(121,936,408)	1,639,954	90,835,714	30,309,000	15,990,486	35,336,556	81,636,042	
Profit for the year	-	-	-	-	-	-	27,059,279	27,059,279	-	9,567,738	36,627,017	
Other comprehensive income for the year:												
Revaluation gain arising from reclassification of own-use properties to investment properties, net of deferred tax	-	-	-	-	-	51,164	-	51,164	-	733	51,897	
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	2,557,194	-	-	-	-	2,557,194	-	687,251	3,244,445	
Changes in the the fair value of equity investments at FVOCI, net of deferred tax	-	-	-	3,043,250	-	-	-	3,043,250	-	861,239	3,904,489	
Changes in the the fair value of debt investments at FVOCI, net of deferred tax	-	-	-	(24,318,287)	-	-	-	(24,318,287)	-	(7,884,013)	(32,202,300)	
Finance expense from insurance contracts issued, net of deferred tax	-	-	-	-	17,411,641	-	-	17,411,641	-	5,944,260	23,355,901	
Finance income from reinsurance contracts held, net of deferred tax	-	-	-	-	67,262	-	-	67,262	-	7,927	75,189	
Share of other comprehensive income of associates and joint ventures, net of deferred tax	-	-	-	(164,306)	-	-	-	(164,306)	-	(55,162)	(219,468)	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2,557,194</b>	<b>(21,439,343)</b>	<b>17,478,903</b>	<b>51,164</b>	<b>27,059,279</b>	<b>25,707,197</b>	<b>-</b>	<b>9,129,973</b>	<b>34,837,170</b>	
Dividend declared to shareholders	-	-	-	-	-	-	(1,257,906)	(1,257,906)	-	-	(1,257,906)	
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,205,683)	(1,205,683)	
Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	9,752,609	9,752,609	
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	(997,633)	(997,633)	997,633	-	-	
Declared to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	(1,000,856)	(396,193)	(1,397,049)	
Issuance of shares by a subsidiary	641,154	-	-	-	-	-	-	641,154	-	549,032	1,190,186	
Deemed Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	478,064	478,064	
Acquisition of partial interests in subsidiaries	(18,336)	-	-	-	-	-	-	(18,336)	-	6,442	(11,894)	
Disposal of equity investments at FVOCI	-	-	-	(254,609)	-	-	254,609	-	-	-	-	
<b>Balance at 31 December 2025</b>	<b>(4,995,485)</b>	<b>(6,842,218)</b>	<b>(5,297,014)</b>	<b>58,390,517</b>	<b>(104,457,505)</b>	<b>1,691,118</b>	<b>115,894,063</b>	<b>54,383,476</b>	<b>15,987,263</b>	<b>53,650,800</b>	<b>124,021,539</b>	

**39 RESERVES (Continued)**

	Attributable to owners of the Company										
	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Insurance finance reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Ordinary shareholders sub-total \$'000	Perpetual subordinated capital securities \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2024	(5,618,303)	(6,842,218)	(5,962,339)	32,151,963	(61,414,865)	1,562,384	84,340,080	38,216,702	15,991,524	37,616,020	91,824,246
Profit for the year	-	-	-	-	-	-	8,431,613	8,431,613	-	4,366,223	12,797,836
Other comprehensive income for the year:											
Revaluation gain arising from reclassification of own-use properties to investment properties, net of deferred tax	-	-	-	-	-	77,570	-	77,570	-	2,040	79,610
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(1,891,869)	-	-	-	-	(1,891,869)	-	(609,208)	(2,501,077)
Changes in the the fair value of equity investments at FVOCI, net of deferred tax	-	-	-	3,791,627	-	-	-	3,791,627	-	918,888	4,710,515
Changes in the the fair value of debt investments at FVOCI, net of deferred tax	-	-	-	44,143,456	-	-	-	44,143,456	-	14,117,656	58,261,112
Finance expense from insurance contracts issued, net of deferred tax	-	-	-	-	(60,554,084)	-	-	(60,554,084)	-	(19,645,940)	(80,200,024)
Finance income from reinsurance contracts held, net of deferred tax	-	-	-	-	32,541	-	-	32,541	-	2,605	35,146
Share of other comprehensive income of associates and joint ventures, net of deferred tax	-	-	-	138,825	-	-	-	138,825	-	47,012	185,837
Total comprehensive income	-	-	(1,891,869)	48,073,908	(60,521,543)	77,570	8,431,613	(5,830,321)	-	(800,724)	(6,631,045)
Dividend declared to shareholders	-	-	-	-	-	-	(1,078,206)	(1,078,206)	-	-	(1,078,206)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,080,447)	(1,080,447)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	(999,175)	(999,175)	999,175	-	-
Declared to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	(1,000,213)	(398,293)	(1,398,506)
Disposal of equity investments at FVOCI	-	-	-	(141,402)	-	-	141,402	-	-	-	-
Balance at 31 December 2024	(5,618,303)	(6,842,218)	(7,854,208)	80,084,469	(121,936,408)	1,639,954	90,835,714	30,309,000	15,990,486	35,336,556	81,636,042

## 39 RESERVES (Continued)

### (a) Nature or purpose of reserves

#### (i) Capital reserve

The capital reserve represents the differences between the net assets value of the target interests, target assets and liabilities acquired and the fair value of the shares issued by the Company as consideration for the acquisition.

#### (ii) Merger reserve

Merger reserve represents the difference in (i) the fair value of the shares issued as a consideration paid to TPG and TPG (HK) and (ii) the share capital and share premium of the equity interests and the carrying value of certain assets acquired which were all under common control of TPG and TPG (HK) before and after the acquisition.

#### (iii) Exchange reserve

The exchange reserve is comprised of all of the foreign exchange differences arising from the translation of the financial statements of Group entities that has functional currency different from the Group's presentation currency. The reserve is dealt with in accordance with the accounting policy disclosed in Note 1(x).

#### (iv) Fair value reserve

The fair value reserve is comprised of the cumulative net change in the fair value of debt investments and equity investments at FVOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy disclosed in Note 1(h)(ii).

#### (v) Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in OCI (see Note 1(c)).

#### (vi) Revaluation reserve

The revaluation reserve represents the revaluation of fair value of the assets and liabilities from the additional acquisition of TPI relating to previously held interest in TPI as associates and the revaluation of fair value of certain properties from land and buildings to investment properties.

#### (vii) Retained profits

In accordance with the Company Law and the Articles of Association, the subsidiaries are required to make appropriation to a statutory surplus reserve based on its profit for the year (after offsetting any prior years' losses) as determined based on applicable financial regulations in the PRC in their annual statutory financial statements. The retained profits included statutory surplus reserve of subsidiaries amounting to \$8,368.86 million (2024: \$7,947.31 million) as at 31 December 2025.

## 40 PERPETUAL SUBORDINATED CAPITAL SECURITIES

- (a) The Company entered into an agreement on 9 March 2023 to issue perpetual subordinated capital securities in an aggregate principal amount of USD2,000,000,000 (approximately \$15.700 billion), callable in 2028. According to the terms and conditions of the securities, the securities confer a right on the holders to receive distributions from the issue date. The rate of distribution shall be (i) 6.40% per annum in respect of the period from and including the issue date to but excluding 9 March 2028, (ii) applicable 5 year United States Treasury securities rate plus 2.072% per annum in respect of the period from and including 9 March 2028. The Company may redeem in whole, but not in part, the securities at their principal amount together with any distributions accrued on or after 9 March 2028. The Company may elect to defer any distributions, and is not subject to any restriction as to the number of times distribution can be deferred, if any distribution have been deferred, the Company shall be subject to certain restrictions from making dividends or distributions.

The perpetual subordinated capital securities were recorded as equity amounting to \$15,674,799,000 net of issuance costs in the year ended 31 December 2023. The balance of the perpetual subordinated capital securities as at 31 December 2025 have included the accrued distribution payments.

The distribution relating to the perpetual subordinated capital securities amounted to \$997,633,000 (2024: \$999,175,000) and declared and paid to holders of perpetual subordinated capital securities amounted to \$1,000,856,000 (2024: \$1,000,213,000) during the Year.

- (b) Approved by NFRA and the People's Bank of China, TPL issued capital bonds without fixed terms on 19 December 2023 and 19 March 2025. The capital bond issued on 19 December 2023 has an aggregate nominal value of RMB11,000,000,000 (approximately \$12.100 billion) with a coupon rate of 3.3%. The capital bond issued on 19 March 2025 has an aggregate nominal value of RMB9,000,000,000 (approximately \$9.753 billion) with a coupon rate of 2.4%. Other major terms of the perpetual bonds are: (i) The interest rate will be reset every five years, and the annualised fixed interest rate after each reset will be the prime rate on the prime rate adjustment date plus a fixed spread determined at the time of issuance, (ii) On each interest payment date of such perpetual bonds, TPL may, at its sole option, defer payment of all or part of the current interest and all interest already deferred in accordance with the terms of the contract to the next interest payment date without any limitation on the number of times interest may be deferred or constituting an event of default, and no interest will accrue on the deferred interest, (iii) In the event of deferred interest payments, TPL will not distribute earnings to common shareholders until the current interest and deferred interest have been paid in full, and (iv) The order of settlement is subordinate to the TPL's policy obligations, other common liabilities and subordinated capital instruments, and prior to the TPL's core tier 1 capital instruments.

The perpetual capital securities issued on 19 December 2023 and 19 March 2025 were recorded as non-controlling interests amounting to \$12,090,038,000 and \$9,752,609,000 net of issuance costs, respectively.

The distribution relating to both perpetual capital securities amounted to \$580,919,000 (2024: \$398,293,000) and declared and paid to holders of perpetual capital securities amounted to \$396,193,000 (2024: 398,293,000) during the Year.

## **41 EMPLOYEE RETIREMENT BENEFITS**

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and one Staff Provident Fund Scheme (the “SPF scheme”) under the Occupational Retirement Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employers and its employees are each required to make contributions to the MPF scheme at 5% of the employees’ relevant income, subject to a cap of a monthly relevant income of \$30,000. Contributions to the scheme vest immediately. Under the SPF scheme, the Group is required to make contributions based on a certain percentage of the relevant employees’ salaries which is dependent on their length of service with the Group. Forfeited contributions to the SPF scheme are used to reduce the Group’s future contributions.

As stipulated by the labour regulations of the PRC, certain subsidiaries of the Group participate in various defined contribution retirement plans authorised by municipal and provincial governments for its staff. These subsidiaries are required to contribute at a rate of 10% to 22% (2024: 10% to 22%) of the salaries, bonuses and certain allowances of their staff to the retirement plans. A member of the plans is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date.

The Group has no other material obligations for the payment of its staff’s retirement and other post-employment benefits other than the contributions described above.

## 42 FAIR VALUES OF FINANCIAL INSTRUMENTS

### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities classified as Level 1 with standard terms and conditions and traded on active liquid markets are determined with reference to recent transaction price or quoted prices (unadjusted) respectively;
- The fair value of derivative instruments are estimated using discounted cash flow analysis and the applicable yield curve for the duration of the non-applicable derivative;
- The fair value of unlisted investment funds and unlisted debt securities included in financial assets at fair value through profit or loss and fair value through other comprehensive income investments classified as Level 2 are established by reference to the prices quoted by respective fund administrators or by using valuation techniques including discounted cash flow method. The main parameters used include bond prices, interest rates, foreign exchange rates, prepayment rates, counter party credit spreads and others; and
- The Level 3 financial assets, primarily comprises unlisted equity securities. Fair values are generally determined using valuation techniques, including discounted cash flows translation and markets comparison methods. Unobservable inputs include discount rates, comparable company valuation multiples, liquidity spreads, recent transaction prices of similar instruments. The valuation requires management to make certain assumptions about unobservable inputs to the models.

## 42 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	At 31 December 2025			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets</b>				
- Financial investments at FVPL	249,522,910	190,027,665	37,004,873	476,555,448
- Debt investments at FVOCI	34,456,181	993,239,096	-	1,027,695,277
- Equity investments at FVOCI	58,736,723	16,403,215	2,692,667	77,832,605
	<u>342,715,814</u>	<u>1,199,669,976</u>	<u>39,697,540</u>	<u>1,582,083,330</u>
<b>Financial liabilities</b>				
- Investment contract liabilities measured at fair value	<u>8,180,957</u>	<u>13,343,089</u>	<u>415,429</u>	<u>21,939,475</u>
	At 31 December 2024			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
- Financial investments at FVPL	162,873,939	238,679,172	48,420,405	449,973,516
- Debt investments at FVOCI	28,332,303	798,747,973	1,705,863	828,786,139
- Equity investments at FVOCI	42,212,530	6,371,830	2,811,981	51,396,341
	<u>233,418,772</u>	<u>1,043,798,975</u>	<u>52,938,249</u>	<u>1,330,155,996</u>
<b>Financial liabilities</b>				
- Investment contract liabilities measured at fair value	<u>2,889,618</u>	<u>13,944,711</u>	-	<u>16,834,329</u>

## 42 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial investments at FVPL \$'000	Debt investments at FVOCI \$'000	Equity investments at FVOCI \$'000	Total \$'000
At 1 January 2025	48,420,405	1,705,863	2,811,981	52,938,249
Purchases	5,747,302	-	2,020	5,749,322
Gain or losses recognised in:				
- profit or loss	(359,579)	-	-	(359,579)
- other comprehensive income	-	(6,231)	(124,389)	(130,620)
Disposals	(15,976,314)	(1,742,731)	-	(17,719,045)
Transfer into Level 3	203,132	-	-	203,132
Transfer out of Level 3	(2,258,698)	-	-	(2,258,698)
Exchange difference	1,228,625	43,099	3,055	1,274,779
At 31 December 2025	<u>37,004,873</u>	<u>-</u>	<u>2,692,667</u>	<u>39,697,540</u>
	Financial investments at FVPL \$'000	Debt investments at FVOCI \$'000	Equity investments at FVOCI \$'000	Total \$'000
At 1 January 2024	60,033,983	1,762,773	2,714,828	64,511,584
Purchases	6,172,634	-	17,476	6,190,110
Gain or losses recognised in:				
- profit or loss	1,480,945	(591)	-	1,480,354
- other comprehensive income	-	(5,238)	79,410	74,172
Disposals	(18,182,218)	(13,585)	-	(18,195,803)
Transfer into Level 3	219,521	-	11,463	230,984
Transfer out of Level 3	(60,000)	-	-	(60,000)
Exchange difference	(1,244,460)	(37,496)	(11,196)	(1,293,152)
At 31 December 2024	<u>48,420,405</u>	<u>1,705,863</u>	<u>2,811,981</u>	<u>52,938,249</u>

## 42 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

At 31 December 2025, financial investments measured at FVOCI with carrying amounts of \$15,908,631,000 (2024: \$11,387,608,000) were transferred from Level 1 to Level 2 because quoted prices in the markets for such investments were no longer regularly available. Conversely, no financial investments measured at FVOCI (2024: \$1,095,508,000) were transferred from Level 2 to Level 1.

The transfer to Level 3 fair value measurements were because of the changes of inputs in fair value measurements for the years 2025 and 2024.

### (b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>At 31 December 2025</b>					
Financial investments at amortised cost	92,991,233	89,360,082	47,331,716	18,213,223	23,815,143
Interest-bearing notes	13,290,101	13,407,681	-	13,407,681	-
	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>At 31 December 2024</b>					
Financial investments at amortised cost	112,160,533	106,865,798	47,886,446	28,010,930	30,968,422
Interest-bearing notes	10,813,422	10,951,012	-	10,951,012	-

## 42 FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

### (b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) *(Continued)*

For listed investments measured at amortised cost classified as Level 1, fair value is based on quoted prices (unadjusted) for identical assets traded in active market.

For unlisted debt investments measured at amortised cost classified as Level 2, fair value is determined by generally accepted pricing models including discounted cash flow technique by using observable market inputs such as market interest yield.

For debt investments measured at amortised cost classified as Level 3, fair value is determined by generally accepted pricing models including discounted cash flow technique by using unobservable discount rates that reflect the credit risk.

## 43 COMMITMENTS

### (a) Capital commitments as at 31 December 2025 were as follows:

	At 31 December 2025 \$'000	At 31 December 2024 \$'000
Contracted for but not provided		
- property and equipment	28,079	46,909
- Investments	1,120,801	1,387,677
Authorised but not contracted for		
- property and equipment	36,979	23,975
	<b>1,185,859</b>	<b>1,458,561</b>

#### 43 COMMITMENTS (Continued)

##### (b) Operating lease commitments: The Group as lessor

The Group leases out operating lease assets and investment properties under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually reviewed every 2 to 5 years to reflect market rentals. None of the leases includes contingent rentals.

The gross carrying amounts of operating lease assets and the investment properties of the Group held for use in operating leases were \$40,429,334,000 (2024: \$37,561,926,000).

As at 31 December 2025, the Group had contracted with tenants for the following future minimum lease payments:

	<b>At 31 December 2025 \$'000</b>	<b>At 31 December 2024 \$'000</b>
Within 1 year	2,133,777	1,537,889
After 1 year but within 2 years	1,440,230	1,169,069
After 2 years but within 3 years	1,031,326	860,934
After 3 years but within 4 years	797,766	539,614
After 4 years but within 5 years	608,116	411,256
After 5 years	1,156,193	1,057,529
	<b>7,167,408</b>	<b>5,576,291</b>

#### 44 CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as at 31 December 2025 and 2024.

## **45 MATERIAL RELATED PARTY TRANSACTIONS**

### **(a) Recurring transaction with related parties**

The Group has not entered into significant recurring transactions with related parties during the Year. Remuneration of Directors and key management personnel are disclosed in Notes 12 and 13.

### **(b) Non-recurring transaction with related parties**

Business transactions between state-owned enterprises controlled by the PRC (collectively “State-Owned Entities”) are within the scope of related party transaction. During the Year, the Group had transactions with State-Owned Entities including but not limited to the sales of insurance policies, leasing services and banking related services. These transactions are conducted in the ordinary course of the Group’s insurance business on terms similar to those that would have been entered into with non-State-Owned Entities. The Group has also established its pricing strategy and approval processes for its major insurance products. Such pricing strategy and approval processes do not depend on whether the customers are State-Owned Entities or not. Having due regard to the substance of the relationships, the Directors believe that none of these transactions are related party transactions that require separate disclosure.

**46 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY**

	<i>Notes</i>	At 31 December 2025 \$'000	At 31 December 2024 \$'000
<b>Assets</b>			
Fixed assets			
- Property and equipment		17,827	18,304
- Investment properties		261,939	266,298
- Right-of-use assets		170,709	269,361
Interests in subsidiaries		65,873,989	64,690,609
Interests in associates		506,937	614,486
Financial assets at fair value through profit or loss		42,237	91,328
Deferred tax assets		471	378
Amounts due from group companies		4,808,917	5,307,266
Other assets		24,082	28,412
Cash and cash equivalents		1,461,962	2,719,612
		<b>73,169,070</b>	<b>74,006,054</b>
<b>Liabilities</b>			
Bank borrowings		5,450,094	7,050,094
Lease liabilities		174,419	274,261
Amounts due to group companies		2,869,210	2,765,208
Other payables and accruals		249,076	225,879
Current taxation		7,342	1,671
		<b>8,750,141</b>	<b>10,317,113</b>
<b>Net assets</b>		<b>64,418,929</b>	<b>63,688,941</b>
<b>Capital and reserves</b>			
Share capital	38	40,771,408	40,771,408
Reserves		7,660,258	6,927,047
		<b>48,431,666</b>	<b>47,698,455</b>
Perpetual subordinated capital securities	40	15,987,263	15,990,486
<b>Total equity</b>		<b>64,418,929</b>	<b>63,688,941</b>

**46 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY**  
(Continued)

	Capital reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
At 1 January 2025	(463,777)	110,602	7,280,222	6,927,047
Exchange difference on translation of foreign operations	-	(46,371)	-	(46,371)
Profit for the year	-	-	3,035,121	3,035,121
Distributions to holders of perpetual subordinated capital securities	-	-	(997,633)	(997,633)
Dividend declared to shareholders	-	-	(1,257,906)	(1,257,906)
At 31 December 2025	<u>(463,777)</u>	<u>64,231</u>	<u>8,059,804</u>	<u>7,660,258</u>
	Capital reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
At 1 January 2024	(661,995)	74,407	8,667,688	8,080,100
Exchange difference on translation of foreign operations	-	36,195	-	36,195
Profit for the year	-	-	689,915	689,915
Business combination under the common control	198,218	-	-	198,218
Distributions to holders of perpetual subordinated capital securities	-	-	(999,175)	(999,175)
Dividend declared to shareholders	-	-	(1,078,206)	(1,078,206)
At 31 December 2024	<u>(463,777)</u>	<u>110,602</u>	<u>7,280,222</u>	<u>6,927,047</u>

**47 PARENT AND ULTIMATE HOLDING COMPANIES**

The immediate holding company and the ultimate holding company as at 31 December 2025 are China Taiping Insurance Group (HK) Company Limited (incorporated in Hong Kong, PRC) and China Taiping Insurance Group Ltd. (established in the PRC), respectively. China Taiping Insurance Group Ltd. is ultimately controlled by the State Council of the PRC.

## 48 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under HKFRS Accounting Standards requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosures. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### (a) Impairment of goodwill and intangible assets

The Group assesses annually if the goodwill and intangible assets associated with the acquisition of subsidiaries and associates have suffered any impairment losses in accordance with the accounting policy stated in Note 1(o). The recoverable amount of the goodwill and intangible assets is determined using discounted cash flows which require the use of estimated revenue from business operations, investment returns and an appropriate discount rate. As at 31 December 2025, the carrying amount of goodwill and intangible assets were \$353,824,000 (2024: \$352,587,000) and \$264,132,000 (2024: \$261,408,000) respectively.

### (b) Impairment of financial assets

The measurement of ECL under HKFRS 9 across relevant financial assets requires judgement, in particular, the use of impairment models and significant assumptions about future macroeconomic conditions when calculating ECL.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as but not limited to:

- Determining significant increase in credit risk;
- Choosing appropriate models and assumptions for measurement of ECL; and
- Establishing and determining the relative weights of forward looking scenarios.

Further details are included in Note 1(h)(iii).

### (c) Fair value of investment properties and financial instruments

The fair values of investment properties and financial instruments were determined based on valuation models which involve certain assumptions. Favourable or unfavourable change to these assumptions would result in changes in the fair value and corresponding adjustment to the amount of gain or loss reported in profit or loss.

## 48 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (d) Insurance and reinsurance contracts

The Group makes a reasonable estimate of the payments which the Group is required to make in fulfilling its obligations under the insurance contracts, based on information currently available at the end of the reporting period. The Group makes an estimate of assumptions used in the measurement of insurance contract, such assumptions including but not limited to mortality, morbidity, lapse rates, expenses, policy dividend, claim development factors, expected claim ratio and discount rates. Also, the Group determines estimates for premiums and claims data not received from ceding companies at the date of the consolidated financial statements on the basis of historical information, actuarial analyses, financing modeling and other analytical techniques.

#### *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.

Assumptions that used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Significant assumptions used are discussed below:

#### Discount rates

For the cash flows that do not vary based on the returns on underlying items the risk-neutral measurement technique was used to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for an illiquidity premium.

The assumed discount rates is from 1.34% to 6.26% (2024: 1.08% to 7.14%).

For the cash flows that vary based on the returns on underlying items a mix of the risk-neutral method and real-world method was applied in the determination of the discount rates for different products. Under the real-world method, the Group considers investment experience, the current investment portfolio and the trend of the relevant yield curves. The cashflows that vary based on the return of underlying items are discounted at rates reflecting their variability.

## 48 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (d) Insurance and reinsurance contracts (Continued)

#### *Fulfilment cash flows (Continued)*

#### Estimates of future cash flows

#### Mortality and morbidity

Mortality and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience.

China Life Insurance Mortality Table (2010-2013) and China Life Insurance Experience Critical Illness Table (2020), are used and adjusted to reflect expected mortality and morbidity improvements.

#### Lapse

Lapse rates based on historical experience data, combined with market conditions, product characteristics, and regulatory requirements.

#### Expense

Expense assumptions are affected by certain factors such as future inflation and market competition which bring uncertainty to these assumptions. The Group determines expense assumptions based on information available at the end of each reporting period.

#### Participation percentages

The projected policyholder dividends, profit sharing and interest crediting assumptions set by each business unit reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and each business unit's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

## 48 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (d) Insurance and reinsurance contracts (Continued)

#### *Fulfilment cash flows (Continued)*

#### *Estimates of future cash flows (Continued)*

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

#### *Risk adjustments for non-financial risk*

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group calculates risk adjustment at the issuing entity level and then allocate down to each group of contracts in accordance with their risk profile.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75% - 85% (2024: 75% - 85%) percentile (the target confidence level) over the expected present value of the future cash flows.

#### 49 POSSIBLE IMPACT OF NEW HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised HKFRS Accounting Standards which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements.

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Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Annual improvements to HKFRS Accounting Standards - Volume 11 <sup>3</sup>	
HKFRS 18	Presenatation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>

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*Notes:*

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

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

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of the Amendments to HKFRS 10 and HKAS 28 will have a material effect on the Group's consolidated financial statements.

**49 POSSIBLE IMPACT OF NEW HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (Continued)**

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

The amendments include requirements on:

- classification of financial assets with environmental, social or governance (“ESG”) targets and similar features;
- settlement of financial liabilities through electronic payment systems; and
- disclosures regarding investments in equity instruments designated as at fair value through other comprehensive income and financial instruments with contingent features.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 and earlier application is permitted.

Retrospective application is required. However, entities are not required to restate prior periods to reflect the application of the amendments; instead, entities may restate prior periods if it is possible without the use of hindsight. If an entity does not restate prior periods, it should, at the date of initial application, recognise any effect of initially applying these amendments as an adjustment to the opening balances of financial assets and financial liabilities and the corresponding adjustment associated with the cumulative effect to the opening balance of retained earnings (or other component of equity, as appropriate).

The Directors do not anticipate that the application of the Amendments to HKFRS 9 and HKFRS 7 will have a material effect on the Group’s consolidated financial statements.

**49 POSSIBLE IMPACT OF NEW HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (Continued)**

***Annual improvements to HKFRS Accounting Standards - Volume 11***

The Annual Improvements contain narrow amendments to HKFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the standards.

The amendments to HKFRS 1 update the wordings in paragraph B6 regarding “qualifying criteria” and added cross-references to HKFRS 9 in paragraphs B5 and B6 to improve the consistency with the requirements of HKFRS 9 and understandability of HKFRS 1 related to hedge accounting.

The amendments to HKFRS 7 remove an obsolete reference to paragraph 27A and updated the wordings in paragraph B38 regarding “unobservable inputs” to be consistent with HKFRS 13. The amendments to the accompanying guidance on implementing HKFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the reference paragraphs of HKFRS 7, as well as update the wordings in paragraph IG14 of HKFRS 7 regarding “fair value” consistent with other standards.

The amendments to HKFRS 9 address a conflict between HKFRS 9 and HKFRS 15 over the initial measurement of trade receivables, and how a lessee accounts for the derecognition of a lease liability under paragraph 23 of HKFRS 9.

The amendments to HKFRS 10 clarify that the relationship described in paragraph B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

The amendments to HKAS 7 replace the term “cost method” with “at cost” in paragraph 37 as the definition of “cost method” has already been removed in prior years.

The Directors do not anticipate that the application of Annual improvements to HKFRS Accounting Standards - Volume 11 will have a material effect on the Group’s consolidated financial statements.

***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity’s financial performance.

The main changes comprise:

- a more structured statement of profit or loss;
- enhance disclosure requirements on management-defined performance measures (“MPMs”); and
- enhanced requirements on aggregation and disaggregation of information.

HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Earlier application is permitted.

The Group is currently assessing the impact of the standard upon adoption.

**49 POSSIBLE IMPACT OF NEW HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (Continued)**

***HKFRS 19 Subsidiaries without Public Accountability: Disclosures***

HKFRS 19 simplifies financial reporting by allowing eligible subsidiaries to apply and hence assert compliance with HKFRS Accounting Standards with reduced disclosures.

A subsidiary may elect to apply HKFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability; and
- its parent produces consolidated financial statements that are available for public use under HKFRS Accounting Standards.

A subsidiary applying HKFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with HKFRS Accounting Standards that HKFRS 19 has been adopted.

HKFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Group is currently assessing the impact of the standard upon adoption.

**50 SCOPE OF WORK OF MESSRS. KPMG**

The figures in respect of the Group's consolidated and Company's statements of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2025 as set out in the announcement have been agreed by the Group's auditor, Messrs. KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. KPMG on the announcement.

## Five Year Financial Summary

(Expressed in Hong Kong dollars)

### Results

	2025	2024	2023	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance revenue	112,267,068	111,267,759	107,488,846	108,906,236	--
Insurance service expenses	(86,830,225)	(86,432,636)	(86,255,383)	(88,823,601)	--
Net expenses from reinsurance contracts held	(1,437,069)	(2,811,029)	(2,702,206)	(2,132,673)	--
<b>Insurance service results</b>	<b>23,999,774</b>	<b>22,024,094</b>	<b>18,531,257</b>	<b>17,949,962</b>	<b>--</b>
Total premiums written and policy fees	--	--	--	--	262,549,260
Less: Premiums ceded to reinsurers	--	--	--	--	(10,835,446)
Net premiums written and policy fees	--	--	--	--	251,713,814
Change in unearned premium provisions, net of reinsurance	--	--	--	--	(1,218,133)
Net earned premiums and policy fees	--	--	--	--	250,495,681
Interest revenue	41,596,477	40,239,750	35,716,881	35,248,642	--
Other investment return	23,392,607	24,970,928	(250,704)	(19,924,784)	--
Net impairment loss on financial assets	(213,587)	(1,332,088)	(1,737,633)	(1,295,201)	--
Share of results of associates and joint ventures	2,050,389	2,664,685	(162,686)	24,631	609,426
Investment income	--	--	--	--	58,227,356
Finance expenses from insurance contracts issued	(52,518,885)	(61,035,012)	(36,012,224)	(21,680,079)	--
Finance income from reinsurance contracts held	350,623	387,959	252,969	210,753	--
Net changes in investment contract liabilities	(74,649)	(65,049)	355,249	(64,271)	--
Other income	5,785,764	4,647,209	5,740,050	5,920,501	7,134,579
Net policyholders' benefits	--	--	--	--	(85,908,107)
Net commission expenses	--	--	--	--	(24,106,866)
Other operating expenses	(8,456,183)	(6,917,399)	(7,011,340)	(7,152,868)	(34,418,746)
Change in life insurance contract liabilities, net of reinsurance	--	--	--	--	(158,737,955)
Other finance costs	(2,466,600)	(3,457,378)	(3,763,752)	(3,123,440)	(2,381,532)
<b>Profit before taxation</b>	<b>33,445,730</b>	<b>22,127,699</b>	<b>11,658,067</b>	<b>6,113,846</b>	<b>10,913,836</b>
Income tax credits/(charges)	3,181,287	(9,329,863)	(1,381,126)	2,243,083	38,537
<b>Profit after taxation</b>	<b>36,627,017</b>	<b>12,797,836</b>	<b>10,276,941</b>	<b>8,356,929</b>	<b>10,952,373</b>
<b>Attributable to:</b>					
Owners of the Company	27,059,279	8,431,613	6,189,764	4,296,898	7,513,701
Non-controlling interests	9,567,738	4,366,223	4,087,177	4,060,031	3,438,672
	<b>36,627,017</b>	<b>12,797,836</b>	<b>10,276,941</b>	<b>8,356,929</b>	<b>10,952,373</b>

*Note: The Group adopted HKFRS 17 Insurance Contracts and HKFRS 9 Financial Instruments ("New Standards") from 1 January 2023. According to requirements of the new insurance standards, the Group adjusted comparative figures of the prior period related to insurance business. As permitted under HKFRS 17, the Group has elected to apply classification overlay in the comparative period in presenting the financial instruments.*

## Five Year Financial Summary (Continued)

(Expressed in Hong Kong dollars)

	2025	2024	2023	2022	2021
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Assets and liabilities</b>					
Statutory deposits	6,527,578	6,430,618	6,126,504	6,113,255	5,543,578
Fixed assets	68,491,365	68,963,962	66,202,672	63,063,287	63,595,390
Goodwill and intangible assets	617,956	613,995	615,066	980,661	985,356
Interests in associates and joint ventures	12,480,116	28,918,673	27,874,851	26,897,674	20,679,533
Deferred tax assets	14,512,962	8,495,132	11,549,792	7,849,882	5,502,790
Financial Investments	1,675,074,563	1,442,316,529	1,223,909,861	1,022,124,117	--
Investments in debt and equity securities	--	--	--	--	963,524,800
Securities purchased under resale agreements	5,673,005	2,005,621	7,108,241	14,259,130	6,923,758
Amounts due from group companies	1,313,071	1,312,476	1,313,246	2,059,864	2,051,643
Insurance contract assets	721,593	870,982	1,451,667	1,653,570	--
Insurance debtors	--	--	--	--	20,064,258
Reinsurance contract assets	13,515,217	10,793,568	11,295,059	10,717,843	--
Reinsurers' share of insurance contract provisions	--	--	--	--	13,333,198
Policyholder account assets in respect of unit-linked products	--	--	--	--	1,603,338
Finance lease receivables	41,027,256	44,903,617	53,388,724	44,616,648	51,294,691
Other assets	20,265,672	12,435,180	9,519,295	10,637,313	110,166,726
Pledged and restricted bank deposits	1,120,870	1,226,236	2,412,297	1,519,922	1,405,678
Cash and cash equivalents and deposits at bank with original maturity more than three months	125,245,419	105,055,425	86,730,213	109,096,898	111,967,237
<b>Total assets</b>	<b>1,986,586,643</b>	<b>1,734,342,014</b>	<b>1,509,497,488</b>	<b>1,321,590,064</b>	<b>1,378,641,974</b>
Less: Total liabilities	<b>(1,821,793,696)</b>	<b>(1,611,934,564)</b>	<b>(1,376,901,834)</b>	<b>(1,211,792,628)</b>	<b>(1,265,186,014)</b>
Non-controlling interests	<b>(53,650,800)</b>	<b>(35,336,556)</b>	<b>(37,616,020)</b>	<b>(25,860,067)</b>	<b>(25,389,128)</b>
	<b>111,142,147</b>	<b>87,070,894</b>	<b>94,979,634</b>	<b>83,937,369</b>	<b>88,066,832</b>
Share capital	40,771,408	40,771,408	40,771,408	40,771,408	40,771,408
Reserves	54,383,476	30,309,000	38,216,702	43,165,961	47,295,424
Perpetual subordinated capital securities	15,987,263	15,990,486	15,991,524	--	--
	<b>111,142,147</b>	<b>87,070,894</b>	<b>94,979,634</b>	<b>83,937,369</b>	<b>88,066,832</b>
	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>
<b>Earnings per share</b>					
Basic	7.251	2.068	1.495	1.196	2.091
Diluted	7.251	2.068	1.495	1.196	2.091

## BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

### EXECUTIVE DIRECTORS

#### **Mr. YIN Zhaojun**

*Chairman, chairman of the strategy and investment committee*

*Aged 60, appointed on 29 January 2021 (5 years) and last re-elected ^ on 28 June 2024*

Mr. YIN has been the chairman of the Company since 2024. Mr. YIN has been the chairman of TPG and TPG (HK) since February 2025, he is also the chairman of TPL and the chairman of TPAM. Mr. YIN had been the vice chairman, general manager and responsible compliance officer of TPG and TPG (HK), and the vice chairman and general manager of the Company. Mr. YIN had also been the vice president of China Life Insurance (Group) Company, a non-executive director of China Life Insurance Company Limited, as well as the vice chairman and president of China Guangfa Bank Co., Ltd., a director of China Life Property and Casualty Company Limited, the chairman of China Life Investment Holding Company Limited, and a director of China United Network Communications Group Co., Ltd., the president of Shanxi Branch, Hebei Branch and Beijing Branch and vice president of Beijing Management Department (Group Client Department) of the Bank of Communications Co., Ltd. Mr. YIN holds a bachelor degree in economics from the Faculty of Accounting of the Beijing Institute of Finance and Trade, China and a master degree in public administration from the China University of Political Science and Law. He is also an accountant.

#### **Mr. LI Kedong**

*Vice chairman and general manager, member of the risk management committee, member of the strategy and investment committee*

*Aged 58, appointed on 18 January 2023 (3 years) and last re-elected ^ on 31 May 2023*

Mr. LI has been the vice chairman and general manager of the Company since January 2025. Mr. LI has been the vice chairman and general manager of TPG and TPG (HK) since February 2025, he is also a director of TPL, the chairman of TPI, the chairman of TPP, a director of TPAM, the chairman of TPL (HK), the chairman of TP Singapore and the chairman of TP Luxembourg. Mr. LI had been a deputy general manager of TPG, TPG (HK) and the Company. Mr. LI had also been the business director, general manager of client relationship management and business development department, general manager of product management department, general manager of project risk management department/state project business department, general manager of human resources department, general manager of Shanghai Branch and general manager of Guangdong Branch of China Export & Credit Insurance Corporation and the director of the administrator's office of the general office of Civil Aviation Administration of China. Mr. LI holds a master degree in aero engine from Beihang University, China. He is also an engineer.

#### **Ms. NA Yanfang**

*Member of the nomination and remuneration committee, member of the risk management committee, member of the strategy and investment committee*

*Aged 52, appointed on 25 September 2025 (less than 1 year)*

Ms. NA has been an executive director of the Company since September 2025. Ms. NA has been an executive director of TPG and TPG (HK) since December 2025. Ms. NA had been the head of the Ninth Procuratorial Department, the head of the Tenth Procuratorial Department etc. Ms. NA holds a doctorate degree of procedural law from China University of Political Science and Law.

## NON-EXECUTIVE DIRECTORS

### **Mr. HU Xingguo**

*Member of the audit committee, member of the strategy and investment committee*

*Aged 60, appointed on 31 December 2019 (6 years) and last re-elected ^ on 30 May 2025*

Mr. HU has been a non-executive director of the Company since 2019. Mr. HU has been a non-executive director of TPG and TPG (HK) since 2020. Mr. HU had been the vice president of China Financial and Economic News Agency; senior staff member, principal staff member, deputy director, researcher, secretary of the department, director of the General Division of the Accounting Department in the General Division of Accounting Department and National Accounting Professional Technical Qualification Examination Office of the Ministry of Finance of China. Mr. HU holds a bachelor degree in accounting from Shanghai University of Finance and Economics, China and a doctorate degree in management science from China University of Mining & Technology, Beijing. He is also a non-practising member of The Chinese Institute of Certified Public Accountants and intermediate accountant.

### **Mr. ZHOU Lianggang**

*Member of the strategy and investment committee*

*Aged 55, appointed on 24 March 2025 (1 year) and last re-elected ^ on 30 May 2025*

Mr. ZHOU has been a non-executive director of the Company since March 2025. Mr. ZHOU has been a non-executive director of TPG and TPG (HK) since June 2025. Mr. ZHOU has served the roles of the deputy director of Chongqing Municipal Tax Services, State Tax Administration, deputy principal staff member, principal staff member, deputy director, director, chief economist and deputy director-general of Chongqing Local Tax Bureau. Mr. ZHOU holds a master degree of public administration from Nanyang Technological University, Singapore.

### **Mr. FENG Zhanwu**

*Member of the risk management committee*

*Aged 53, appointed on 21 November 2025 (less than 1 year)*

Mr. FENG has been a non-executive director of the Company since November 2025. Mr. FENG has been a non-executive director\* of TPG and TPG (HK) since November 2025. Mr. FENG had been the deputy director-general level cadre of Beijing National Accounting Institute, director, first-class researcher of the Staff Education Center of the Ministry of Finance of China etc. Mr. FENG holds a master degree of economics from Central University of Finance and Economics, China.

\* subject to relevant regulatory approval

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mrs. LAW FAN Chiu Fun Fanny**

*Member of the audit committee, member of the nomination and remuneration committee  
Aged 73, appointed on 30 September 2020 (5 years) and last re-elected ^ on 28 June 2024*

Mrs. LAW has been an independent non-executive director of the Company since 2020. Mrs. LAW is also an independent non-executive director (“INED”) of China Unicom (Hong Kong) Limited, an INED of Nameson Holdings Limited, an INED of Minmetals Land Limited and an INED of New World Development Company Limited. Mrs. LAW had been a member of the Executive Council of the Government of the HKSAR, an INED of CLP Holdings Limited, an external director of China Resources Holdings Company Limited, and an INED of DTXS Silk Road Investment Holdings Company Limited. Mrs. LAW holds a bachelor degree (Honour) in science from the University of Hong Kong, a master degree in public administration from Harvard University (named with a Littauer Fellow) and a master degree in education from the Chinese University of Hong Kong and is a fellow of The Hong Kong Institute of Directors. Mrs. LAW was appointed as Justice of Peace and awarded with the honour of the Grand Bauhinia Medal and the Gold Bauhinia Star by the Government of the HKSAR.

### **Ms. LIU Yi**

*Chairman of the audit committee  
Aged 62, appointed on 18 December 2024 (1 year) and last re-elected ^ on 30 May 2025*

Ms. LIU has been an independent non-executive director of the Company since 2024. Ms. LIU is currently a professor of the School of Economics and Director of China Center for Public Finance of Peking University, China, a vice president of China Certified Tax Agents Association, and an INED of NAURA Technology Group Co., Ltd. Ms. LIU has been an INED of TPG and TPG (HK) since 2024. Ms. LIU holds a doctorate degree in economics from Peking University, China.

### **Mr. SHIU Sin Por**

*Chairman of the nomination and remuneration committee, member of the audit committee  
Aged 76, appointed on 18 December 2024 (1 year) and last re-elected ^ on 30 May 2025*

Mr. SHIU has been an independent non-executive director of the Company since 2024. Mr. SHIU is currently the president of New Paradigm Foundation, Hong Kong, a member in the expert database and a senior researcher of CITIC Foundation for Reform and Development Studies, a senior fellow of the Chongyang Institute for Financial Studies at Renmin University of China, a consultant of Shanghai East Asia Research Institute, a distinguished researcher of the Institute for Hong Kong and Macau Studies of Peking University, China, an academic adviser of Center for Hong Kong, Macau and International Problems Research of Shenzhen University, China, and a consultant of Chinese Association of Hong Kong & Macau Studies. Mr. SHIU previously served as an INED of The People’s Insurance Company (Group) of China Limited, a member of the 10th, 11th and 12th National Committee of the Chinese People’s Political Consultative Conference, a member and deputy secretary general of the Preparatory Committee for the HKSAR of the National People’s Congress, a consultant of transitional affairs in Hong Kong of the Hong Kong and Macau Affairs Office of the State Council and the Xinhua News Agency, a director of the One Country Two Systems Research Institute in Hong Kong. Mr. SHIU holds a bachelor’s degree in economics from University of Wisconsin, United States. Mr. SHIU was appointed as Justice of Peace and awarded the honour of the Gold Bauhinia Star by the Government of the HKSAR.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS** (Continued)

### **Mr. CAI Hongping**

*Chairman of the risk management committee, member of the audit committee*

*Aged 71, appointed on 18 December 2024 (1 year) and last re-elected<sup>^</sup> on 30 May 2025*

Mr. CAI has been an independent non-executive director of the Company since 2024. Mr. CAI is currently the chairman of AGIC Capital, an INED of BYD Company Limited and an independent director of Shanghai Pudong Development Bank Co., Ltd. Mr. CAI had been an external supervisor of China Merchants Bank Co., Ltd., an INED of China Southern Airlines Company Limited, an INED of China Eastern Airlines Corporation Limited, an INED of COSCO Shipping Development Co., Ltd., an INED of China Conch Environment Protection Holdings Limited, an external director of China Minmetals Corporation, an executive chairman of Deutsche Bank investment banking division in the Asia Pacific region, chairman of the investment banking division of UBS AG in Asia, chairman of China of BNP Paribas Capital (Asia Pacific) Limited, senior vice president and managing director of Peregrine Investments Holdings Limited, member of the Overseas Listing Team for Chinese Enterprises under the Restructuring Committee of the State Council, and the chairman of the Joint Committee of Board Secretaries for H Share Companies in the PRC. Mr. CAI holds a bachelor's degree in mass communications from Fudan University, China.

<sup>^</sup> Under the Company's articles of association on retirement and rotation for the re-election of Directors, Directors would typically serve a period of three years since the year of last re-election; however at times, depending on the number of Directors on the Board, the term may be for a period of two years.

## SENIOR MANAGEMENT AND COMPANY SECRETARY

**Mr. ZHU Jie**, aged 57, has been a senior management since 2021 and is currently a deputy general manager of the Company. Mr. ZHU has been a deputy general manager of TPG and TPG (HK) since 2021, he is also a director of TPI, a director of TPP, the chairman of CTPI (HK), the chairman of TP Macau and the chairman\* of TP Indonesia. Mr. ZHU holds a doctorate degree in economics from Nankai University, China.

**Mr. YANG Minggang**, aged 55, has been a senior management since 2024 and is currently a deputy general manager of the Company. Mr. YANG has been a deputy general manager of TPG and TPG (HK) since 2024, he is also a director of TPL, a director of TPAM, the chairman of TPCA, the chairman of TPIM and the chairman of TPFH. Mr. YANG holds a doctorate degree in law from Renmin University of China.

**Mr. LUO Zhaohui**, aged 52, has been a senior management since April 2025 and is currently a deputy general manager of the Company. Mr. LUO has been a deputy general manager and chief risk officer of TPG and TPG (HK) since June 2025, he is also the chairman of TPFS. Mr. LUO holds a doctorate degree in economics from Peking University, China.

**Mr. BAI Kai**, aged 51, has been a senior management since July 2025 and is currently a deputy general manager of the Company. Mr. BAI has been a deputy general manager of TPG and TPG (HK) since November 2025, he is also the chairman of TPre and TPRB. Mr. BAI obtained postgraduate education in economic management from the Party School of the Hubei Provincial Committee.

**Mr. JIAO Yanjun**, aged 53, has been a senior management since 2013. Mr. JIAO has joined TPG since 2013 and is currently a senior management of TPG and TPG (HK). Mr. JIAO holds a bachelor degree in engineering from Beijing Agricultural Engineering University, China and an executive master of business administration from Tsinghua University School of Economics and Management, China.

**Mr. ZHANG Ruohan**, aged 50, has been a senior management since 2013 and is currently the chief financial officer and company secretary of the Company. Mr. ZHANG has been the secretary of the board of directors of TPG since 2013, company secretary of TPG (HK) since 2016 and the person in charge of finance of TPG and TPG (HK) since 2023, he is also a director of TPL, a director of TPI, a director of TPP and a director of TPL (HK). Mr. ZHANG holds a bachelor's degree in economics from Central University of Finance and Economics, China and a master's degree in banking and finance from University of Giordano Dell' Amore Foundation, Italy.

**Mr. LI Qingming**, aged 52, has been a senior management since 2022 and is currently the chief business officer of the Company. Mr. LI has been a chief business officer of TPG and TPG (HK) since 2022, he is also the general manager of the brand promotion department of the Company, TPG and TPG (HK), a director of TPFH and an executive director of TPL (HK). Mr. LI holds a bachelor's degree in national economic management from Nanchang University, China and a master's degree in law from Jiangxi University of Finance and Economics, China.

\* subject to relevant regulatory approval

## **REPORT OF THE DIRECTORS**

The Board respectfully submit the annual report together with the audited financial statements for the year ended 31 December 2025.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of direct life insurance business in the Mainland, Hong Kong and Macau of the PRC and Singapore, direct property and casualty insurance business in the Mainland, Hong Kong and Macau of the PRC and overseas, pension and group life business, and all classes of global reinsurance business. The Company's subsidiaries also carry on operations in asset management, insurance intermediary, financial leasing, property investment, medical, health and elderly care investment, securities dealing and broking business. The principal activities and other particulars of the subsidiaries are set out in Note 22 of the consolidated financial statements.

The analyses of the principal activities of the operations of the Company and its subsidiaries during the financial year are set out in Note 3 of the consolidated financial statements.

The Directors believe that an analysis of the profit contributions from each geographical area is not required for a proper appraisal of its businesses.

### **BUSINESS REVIEW**

The business review of the Group for the year ended 31 December 2025 is set out in the sections headed "Chairman's Statement" and "Management Review and Analysis" of this announcement, respectively. These discussions form part of this Directors' Report.

### **CORPORATE CULTURE**

The Group attaches great importance to corporate culture construction, vigorously promotes China's traditional culture excellence, actively cultivates financial culture with Chinese characteristics and established a sound corporate culture system of the Group. We practice the development concept of "Enjoy Taiping", adhere to "Responsibility Prioritised, Customers Focused, Innovation Driven, Value Oriented", advocate "Full Commitment, Love Taiping, Stay Truthful, Shoulder Responsibility" and strive to achieve the vision of "Create an International Modern Finance and Insurance Group with the Greatest Value Growth in China's Insurance Industry".

The Group has built a corporate culture communication platform through multiple channels including official Wechat account, official website, magazines, historical and cultural exhibition hall, updated and maintained the China Taiping Corporate Heritage Centre in Hong Kong, Shanghai, and Shenzhen, to comprehensively display our time-honoured history and development achievements.

With the theme of "Taiping with Love, Warmth in the Countryside", the Group hosted the 5<sup>th</sup> "China Taiping Day" in Yu'an, Anhui Province, practice industrial assistance. Subsidiaries organised diverse cultural activities, which demonstrated the spirit of healthiness, hard work and solidarity of the employees of China Taiping, thereby providing strong cultural support for high-quality development.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY AND PERFORMANCE

The Group implements the concept of sustainable development, continuously refines its ESG governance framework, and leverages ESG governance to drive high-quality development, actively serve national strategies and the real economy, steadily advances green transformation and social responsibility initiatives, so as to continuously enhance its ESG management standards and comprehensive value creation capabilities.

### *Strengthening the Foundation of Management and Improving the Management System*

The Group has established a three-level ESG management structure of “the Board of Directors - the Green Finance and ESG Management Committee (under the senior management) - the Committee Office”, the Group continued to improve the green finance and ESG implementation system with across-the-board participation of all subsidiaries and functional departments of the Group. Issued multiple ESG-related management measures and guidelines. ESG metrics were integrated into performance evaluations, while climate risk and green finance were incorporated into the comprehensive risk management system. Through regular training, thematic seminars, and information disclosure, the Group continuously enhances ESG management awareness and capabilities across the organisation, ensuring the effective implementation of its ESG strategy.

### *Focusing on National Strategies, Empowering the Real Economy*

The Group remains steadfast in its commitment to serving the real economy through financial services, deeply integrating into the broader national development landscape. Adhering to the strategic direction of “Commit to a Strong Foothold in Hong Kong and Macau while Deeply Cultivating the Greater Bay Area”, the Group aligns its development with the Greater Bay Area blueprint, injecting financial vitality into the Greater Bay Area’s growth through concrete actions. It continues to leverage its geographical advantages, actively developing its Hong Kong operations to contribute to Hong Kong’s economic diversification and help Hong Kong to consolidate and uplift its status as the global financial hub. We consistently support the “Belt and Road” by establishing cross-border financial service systems to provide risk protection and financing support for projects along the routes. Focusing on rural revitalisation, we implement multi-dimensional measures including industrial cultivation, talent training, and medical assistance to consolidate poverty alleviation achievements and promote coordinated urban-rural development. We develop targeted technology insurance products to broaden risk coverage for tech enterprises, expand investment in the technology sector, and leverage financial strength to support the development of a technology powerhouse.

### *Practice Green Development, Safeguard the Ecological Future*

The Group anchors its efforts to the “Carbon Peaking and Carbon Neutrality” goals, integrating green development principles throughout its entire operational chain. We continue to advance in green finance, enriching our green insurance product portfolio while focusing on building a clean, low-carbon energy system. We are increasing green investment and setting clear medium-to-long-term targets for operational carbon neutrality and net-zero emissions in our investment portfolio. Green operations are being deepened through low-carbon initiatives such as promoting paperless offices and adopting new energy vehicles for official use. We are advancing green building certifications and energy-efficient renovations while reducing resource consumption through digital transformation. Actively engaged in ecological conservation, we conduct environmental public welfare activities to support biodiversity protection and ecological improvement. Strengthen climate risk management by integrating climate factors into comprehensive risk management, refining catastrophe risk prevention mechanisms, establishing disaster and risk monitoring platforms, and enhancing natural disaster response capabilities.

## **ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY AND PERFORMANCE** *(Continued)*

### *Embracing Responsibility, Building a Better Society Together*

The Group adheres to a people-oriented approach, comprehensively safeguarding the rights and interests of stakeholders. In employee development, we have established a fair and diverse employment system, eliminated employment discrimination, improved compensation and benefits alongside professional training mechanisms, developed tiered and categorised training programs, implemented health and safety protections along with employee care initiatives, and fostered a harmonious and inclusive workplace environment. For customer service, we continuously upgrade our “One Hotline, One App, One Hall, One Festival, One Ecosystem” and NPS “5+1” Customer Service System. We enhance online service platform functionality, advance age-friendly service modifications to provide convenient services for special customer groups like the elderly, strengthen consumer rights protection mechanisms, streamline complaint channels, and conduct diverse financial literacy campaigns to effectively safeguard customer rights. In public welfare and charity, we focused on charitable education assistance and community care through donations and support. We organised employee volunteer services, sponsored sporting events, and supported public welfare activities, demonstrating our commitment to social responsibility through concrete actions to enhance the people’s livelihood.

Details of the Group’s corporate culture and ESG performance in 2025 will be disclosed in the 2025 Environmental, Social and Governance (ESG) & Corporate Social Responsibility Report.

## **RELATIONSHIPS WITH KEY STAKEHOLDERS**

Stakeholders, including shareholders, customers, employees, business partners, government and community, suppliers etc. are the key drivers for the Group’s high-quality development. The Group established a sound and regular stakeholder communication mechanism with the aim to build a harmonious and stable stakeholder relationship, fulfilling its corporate social responsibility and creating greater value for all stakeholders.

### *Shareholders*

Enhancing corporate value for shareholders is one of the main objectives of the Group, which aims to promote business development for sustainable profitable growth, maintain favorable investment returns, and ensure the preservation and appreciation of assets. At the same time, the Group attaches great importance to maintaining orderly corporate governance, effective risk management and transparent information disclosure.

### *Customers*

The Group closely follows the national and industrial policy trends, adheres to “Customer First”, continuously optimises financial consumer protection mechanisms, upgrades customer service systems, enhances customer service quality, optimises customer service experience and meets customers’ diversified, differentiated and quality comprehensive service needs. It also promotes business with attentive service and helps thousands of households live a better life. At the same time, by strengthening the application of financial technology, promoting digital transformation, and improving an intelligent and convenient online and offline operation service system, the Group has built a convenient, caring and reliable service network for our customers.

## **RELATIONSHIPS WITH KEY STAKEHOLDERS** *(Continued)*

### *Employees*

The Group considers talents as its primary resource and aims to promote the high-quality development of human capital, creates a highland for the development of high-quality talents, and provides a fair competition platform and extensive room for career development. The Group has established a sound training system and a scientific, reasonable and market-oriented remuneration incentive mechanism, constantly improving employee rights protection measures and welfare system, and helping employees realise their personal value. The Group prioritises employee well-being, and strives to establish a healthy working environment to ensure occupational safety, care about employees' spare time, organises a variety of colorful activities to improve employees' satisfaction and happiness index.

### *Business Partners*

The Group's primary business partner comprised of investment or joint venture partners, strategic customers, individual agents and bancassurance staff, and intermediate agencies. Through equal and mutually beneficial cooperation and strategic cooperation, the Group is committed to growing together and sharing value with its partners.

China Taiping's hundreds of thousands of agents and bancassurance staffs are also important partners of the Group. The Group provides systematic training at all levels to individual insurance agent, popularising industry regulations, essential knowledge and skills, and have clear development goals; improving team operation ability from both theory cognition and practical operation perspectives, in order to facilitate synergetic development of individual and organisation. The Group is committed to maintaining good business partnerships with banks and promoting long-term business interest, and has also built an effective incentive system and provided broad development space to help our bancassurance sales team to maintain its core competitiveness.

### *Government and Community*

The Group operates business in multiple regions around the world, actively promotes local industry exchanges and collaborations, enthusiastically participates in social welfare undertakings such as charity and donation, cares for and supports public welfare undertakings such as education and culture, and is determined to be an excellent corporate citizen. We have been fulfilling our corporate social responsibility in the fields of industry development, culture, sports and education, poverty alleviation, community building, environmental protection and public welfare and working with all walks of life to create value and achieve a win-win situation for both the society and enterprises.

### *Suppliers*

The Group advocated fair competition and fair procurement in the market, selected qualified suppliers by strictly following its bidding procurement process, firmly abided by business logic, and promoted honest and reciprocal cooperation.

## MAJOR INSURANCE CUSTOMERS

The information in respect of the Group's insurance revenue attributable to major insurance customers during the Year is as follows:

	<b>Percentage of the Group's insurance revenue</b>
The largest insurance customer	0.69%
Five largest insurance customers in aggregate	1.98%

At no time during the Year have the directors, their close associates or any shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had any interest in these major insurance customers.

## RISK FACTORS

In 2025, the Group has continued to promote the establishment of the comprehensive risk management system with risk capital as its core, and carried out risk identification and evaluation by combining "Qualitative and Quantitative", and "Top-down with Bottom-up" approaches: firstly, further improved the risk appetite indicator system, effectively aligning risk appetite with key processes such as budget preparation to ensure its integral role in guiding operational decision-making across the group and its subsidiaries; secondly, according to the relevant regulatory and the company's requirements, further refined the comprehensive risk management mechanism and systems, strengthened risk monitoring and early warning capabilities, enhanced the overall level of risk prevention and control.

The major risks and countermeasures of the Company in 2025 are as follows:

### ***(I) General Risks of the Group***

The Group has strengthened the management of general risks such as insurance risk, market risk, credit risk, strategic risk, operational risk, reputation risk and liquidity risk at the Group level in conjunction with external regulatory requirements and internal management needs, and has provided guidance and assistance to its subsidiaries in carrying out relevant risk management and risk prevention and control work.

#### ***1 Insurance Risk, Market Risk, Credit Risk and Liquidity Risk***

The details of the insurance risk, market risk, credit risk and liquidity risk faced by the Group and their mitigation measures are elaborated in Note 2 "Insurance, Financial and Capital Risk Management" to the consolidated financial statements.

## **RISK FACTORS** *(Continued)*

### **2 Strategic Risk**

Strategic risk refers to the risk of a mismatch between the strategy, the market environment, and the company's execution capability and resource allocation due to an ineffective process of strategy formulation and implementation or changes in the business environment. The Group adheres to the principle of pursuing progress while ensuring stability, actively strengthens research and judgment on macroeconomic and industry development trends, continuously tracks and analyses changes in the market environment, and coordinates the advancement of various business management initiatives. The overall alignment between the Group's corporate strategy and the market environment is favorable. Strategic risks of the Group are maintained within acceptable limits.

### **3 Operational Risk**

Operational risk refers to the risk of direct or indirect losses arising from inadequate or faulty internal procedures, staff and information systems as well as external events. With the increasingly stringent regulatory environment, the Group has enhanced operational risk control by continuously refining its risk management systems and expanding risk management tools. Especially, the Group further strengthening employee training, improved the effectiveness of its operational risk identification and assessment through carrying out comprehensive risk screening and upgrading the relevant information system.

### **4 Reputational Risk**

Reputational risk refers to the risk of negative evaluation of the Company by stakeholders, the general public, the media due to the behaviors of the Group and its subsidiaries, the behaviors of its employees or external events, which may damage brand value of the Company and be detrimental to the normal operation of the Group and its subsidiaries. The Group has established a sound reputational risk management system and the response and disposal mechanism at both the Group and subsidiaries' levels. In 2025, the Group attached great importance to safeguarding its reputation in the market, strengthened the protection of the rights and interests of consumers and the monitoring of public opinion, and adhered to the principles of foresight, timeliness and proactivity in the prevention and control of risks on various front-end areas, so as to effectively avoid the triggering or the accumulation of significant reputational risk events and to safeguard favorable brand image of the Group.

### ***(II) Specific Risks of the Group***

The Group has proactively implemented the regulatory requirements and strengthened the management of Group specific risks such as risk contagion, concentration risk, the opaque organisation structure and non-insurance risks.

## **RISK FACTORS** (Continued)

### **1 Risk Contagion**

Risk contagion refers to the risk from each subsidiary which will contaminate other subsidiaries of the Group through internal related party transactions or other means, resulting in unexpected losses to other subsidiaries or the group company.

The Group plays an integrated and coordinating role, continuously improves the management of related party transactions and strengthens the construction of firewalls in order to effectively prevent the spread of risks in accordance with relevant laws and regulations and in conjunction with the authorisation mechanism. The Group attaches great importance to the management of connected transactions and strictly complies with the relevant regulations of the NFRA and other domestic regulatory authorities, the Stock Exchange as well as the relevant management system for the connected transactions of the Group, so as to establish and improve a standardised system for the management of connected transactions, and strictly carry out the process of prior declaration and approval of connected transactions with hierarchical authorisations. The Group has continued to strengthen the construction of firewalls, and has established firewalls between the head office of the Group, insurance subsidiaries and non-insurance subsidiaries in terms of the corporate, personnel, funds and information, etc., so as to avoid the risk contagion from non-insurance subsidiaries to the head office of the Group or insurance subsidiaries, as well as various possible cross contamination.

### **2 Concentration Risk**

Concentration risk refers to a single risk or a combination of risks of subsidiaries, when aggregated at the Group level, may directly or indirectly threaten the solvency of the holding company. The Group manages concentration risk from four main aspects: counterparty, investment assets, insurance business and non-insurance business. Concentration risk tolerance and risk limits are determined by taking into account factors such as business characteristics, scale, product structure and risk profile of the subsidiaries, and concentration risk is assessed, monitored, measured and reported on a regular basis.

### **3 Risk of Opaque Organisation Structure**

Risk of opaque organisational structure refers to the risk of losses to the holding company caused by the excessive complexity or opaqueness of the Group's shareholding structure, management structure, operational processes and business types. The Group's internal shareholding structure is clear and transparent, with no cross-shareholding and illegal subscription of capital instruments. The level of shareholding control complies with regulatory requirements. The powers and responsibilities of the functional departments of the Group and its subsidiaries are clearly defined, thus the Group is able to better fulfil its respective duties and responsibilities. The risk of opaque organisation structure is generally controllable.

### **4 Non-insurance Risk**

Non-insurance risk refers to the impact of the commercial activities of non-insurance member companies on the solvency of the Company and its insurance member companies. The Group attaches great importance to the management of non-insurance risks and has established independent legal entities to operate non-insurance business in order to achieve specialisation. The Group's non-insurance subsidiaries are diversified, but most of them are relatively small in size and not yet systemically important, and the scale of their investments has not yet reached the regulatory thresholds. In 2025, the Group's non-insurance business were operated in a generally healthy manner, and the proportion of significant non-insurance financial equity investments and the proportion of significant non-financial equity investments met regulatory requirements. The Group strictly controls the establishment of new organisations and strictly enforces the relevant reporting and filing requirements, and there is no deviation from the Group's main business.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Group consistently complies with the relevant laws, regulations, and regulatory requirements, and operates business with our distinct advantages. To the best of our knowledge, in 2025, the Group complied with the laws including the Hong Kong Companies Ordinance, the Listing Rules, and the SFO, while complying with the requirements of the PRC and overseas regulatory authorities including NFRA in major aspects to ensure strict compliance.

## **CONSOLIDATED FINANCIAL STATEMENTS**

The profit of the Group for the year ended 31 December 2025 and the state of the Group's affairs at that date are set out in the consolidated financial statements.

## **DIVIDEND POLICY**

The Company had no pre-determined dividend distribution ratio. The Company distributes dividends on the premise of meeting the regulatory solvency requirements and supporting the growth of the Company's valued business. The Company intentionally maintains the stability and continuity of dividend distribution, and the Board will consider the Company's development strategy, capital status, operating results and capital needs as well as capital market condition and investor expectations before deciding whether to recommend dividends and determining the amount of dividend.

## **DIVIDEND**

No interim dividend was declared during the Year (2024: Nil). Due to an increase in the Company's net profit during the Year, the Company also increased the final dividend per share to reward the shareholders. The Board recommended the payment of a final dividend of HK\$1.23 per share in respect of the year ended 31 December 2025 (2024: final dividend of HK\$0.35 per share). The dividends are subject to the approval by the shareholders at the forthcoming annual general meeting of the Company. If approved, the said dividend will be paid on or about 21 July 2026 to shareholders whose names appear on the register of members of the Company on 10 July 2026, being the record date for determining shareholders' entitlement to the proposed final dividend.

In order to ascertain the entitlement of the final dividend for 2025, the register of members will be closed on 10 July 2026, during which no transfer of Shares will be registered. To be eligible to receive the aforesaid cash dividend, the transfer documents must be lodged with the Company's registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by shareholders no later than 4:30 p.m. on 9 July 2026.

The Company is a limited company incorporated in Hong Kong, as at the date of this announcement, no treasury shares were held by the Company (including any treasury shares held or deposited with Central Clearing and Settlement System). Treasury shares would not receive the final dividend.

## **SHARE CAPITAL**

Details of the Shares issued in the year ended 31 December 2025 are set out in Note 38 of the consolidated financial statements.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sales of the treasury shares).

## **DISTRIBUTABLE RESERVES**

As at 31 December 2025, the Company's reserves available for distribution amounted to HK\$8,060 million (2024: HK\$7,280 million).

## **EQUITY LINKED AGREEMENTS**

During the Year, no equity linked agreements entered into by the Group, or subsisted at the end of the Year.

## **DONATIONS**

During the Year, the Group made charitable donations of HK\$22.33 million (2024: HK\$4.37 million).

## BOARD OF DIRECTORS

The directors of the Company during the Year and up to the date of this announcement were:

### Executive directors

YIN Zhaojun  
LI Kedong  
NA Yanfang (*appointed on 25 September 2025*)

### Non-executive directors

HU Xingguo  
ZHOU Lianggang (*appointed on 24 March 2025*)  
FENG Zhanwu (*appointed on 21 November 2025*)  
GUO Zhaoxu (*resigned on 21 November 2025*)  
ZHANG Cui (*resigned on 21 November 2025*)  
LAW FAN Chiu Fun Fanny\*  
LIU Yi\*  
SHIU Sin Por\*  
CAI Hongping\*

\* *Independent*

In accordance with Articles 93 of the Company's articles of association, Directors appointed to fill casual vacancies or as additions to the Board shall hold office only until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next annual general meeting of the Company (in case of additions to the Board), and shall be eligible for re-election, and Articles 97 of the Company's articles of association, at least one-third of the relevant Directors from the Board, are subject to retirement by rotation and re-election at the forthcoming annual general meeting. The proposed reappointments as Directors will not have any specific term, but will be subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association.

Subject to the approval of the shareholders at the Company's annual general meeting, the emoluments of the Directors will be determined by the nomination and remuneration committee and the board of the Company.

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the Year is available on the Company's website at [www.ctih.cntaiping.com](http://www.ctih.cntaiping.com).

## CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive Directors regarding their independence from the Company and considers each of the independent non-executive Directors to be independent from the Company.

## **CHANGES TO INFORMATION IN RESPECT OF DIRECTORS**

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 28 August 2025 (being the date of approval of the Company's 2025 Interim Report and 25 March 2026 (being the date of approval of the Company's 2025 Annual Report) are set out below:

Mr. LI Kedong was appointed as the chairman of TP Luxembourg with effect from December 2025.

Mr. SHIU Sin Por has retired as an independent non-executive director of The People's Insurance Company (Group) of China Limited with effect from December 2025.

Mr. CAI Hongping ceased to serve as an external supervisor of China Merchants Bank Co., Ltd. with effect from December 2025.

After making specific enquiries by the Company and confirmed by the Directors, save as disclosed above, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **DIRECTORS' SERVICE CONTRACTS**

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2025, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise which had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

During the Year, no Directors nor any of their spouses or children under the age of 18 years has any interests in or has been granted any rights to subscribe for equity or debt securities of the Company nor was there been any exercise of any such rights by any of them.

At no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under the age of 18 years to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **PERMITTED INDEMNITY PROVISION**

The Company's articles of association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto.

The Company has taken out and maintained directors' liability insurance throughout the Year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Substantial shareholders	Capacity	Number of ordinary Shares	Long position / short position	Percentage of issued share capital %
TPG	Interest of controlled corporation	2,201,515,256 <i>(note 1)</i>	Long Position	61.25
TPG (HK)	1,913,138,449 Shares as beneficial owner and 288,376,807 Shares <i>(note 2)</i> as interest of controlled corporation	2,201,515,256	Long Position	61.25

Notes:

- (1) TPG's interest in the Company is held by TPG (HK), Easiwell, Taiping Golden Win and Manhold, all of which are wholly-owned subsidiaries of TPG.
- (2) 168,098,887 Shares are held by Easiwell, 53,975,970 Shares are held by Taiping Golden Win and 66,301,950 Shares are held by Manhold.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2025.

## MANAGEMENT CONTRACTS

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

## DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, its holding companies, subsidiaries or fellow subsidiaries, was a party in which a director of the Company had a material interest subsisted at the end of the Year or at any time during the Year.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

### (I) Connected Transactions

During the Year, the Group did not have any material connected transaction which were required to be disclosed in accordance with the requirements of the Listing Rules and none of the related party transactions as disclosed in Note 45 to the consolidated financial statements constitute a discloseable connected transaction under Chapter 14A of the Listing Rules.

### (II) Continuing Connected Transactions

During the Year, the Group did not have any material continuing connected transaction which were required to be disclosed in accordance with the requirements of the Listing Rules. None of the related party transactions as disclosed in Note 45 to the consolidated financial statements constitute a discloseable continuing connected transaction under Chapter 14A of the Listing Rules.

Reference is made to the Company's 2022 annual results announcement dated 28 March 2023. Pursuant to Rule 14A.09 of the Listing Rules, as one or more of applicable percentage ratios of TSFL exceeded 10% for the year ended 31 December 2022, TSFL ceased to be an insignificant subsidiary of the Company. Since TSFL is 50% and 50% owned by TPL and China Petrochemical Corporation respectively. China Petrochemical Corporation (a substantial shareholder at the subsidiary level) together with its associates became connected persons of the Company at the subsidiary level.

Reference is also made to the Company's 2024 annual results announcement dated 24 March 2025. As of 31 December 2024, as one or more of the applicable percentage ratios of TSFL less than 10% under the percentage ratios for each of the latest three financial years or 5% under the percentage ratios for the latest financial year, TSFL, again, become an insignificant subsidiary of the Company. The transaction conducted between the Group and China Petrochemical Corporation and its associates (the "**China Petrochemical Corporation Group**") cease to be discloseable continuing connected transaction(s) under Chapter 14A of the Listing Rules. Information in relation to the transactions conducted between the Group and China Petrochemical Corporation Group during the Year are set out below for Shareholders and potential investors reference only.

#### 1. Operating Lease Service Agreements entered into between TSFL and its subsidiaries and associates of China Petrochemical Corporation in respect of operating lease services

TSFL and its subsidiaries (the "**TSFL Group**"), in the ordinary and usual course of business, have entered into the Operating Lease Service Agreements with certain associates of China Petrochemical Corporation, which have a fixed period and fixed terms (collectively known as "**Operating Lease Service Agreements**"), the provision of Operating Lease Services by the TSFL Group to the associates of China Petrochemical Corporation under the Operating Lease Service Agreements have become continuing connected transactions of the Company from continuing transactions of the Company in 2023. In this regard, the Company has issued an announcement in relation to the Operating Lease Service Agreements on 28 March 2023 pursuant to Rule 14A.60 of the Listing Rules. This also refers to the above-mentioned situation where TSFL becomes to be an insignificant subsidiary of the Company again in 2025, and these Operating Lease Services no longer constitute continuing connected transactions pursuant to Rule 14A of the Listing Rules.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

### (II) Continuing Connected Transactions (Continued)

#### 1. Operating Lease Service Agreements entered into between TSFL and its subsidiaries and associates of China Petrochemical Corporation in respect of operating lease services (Continued)

A summary of the Operating Lease Service Agreements that remained effective as of 2025 and their key terms were set out below:

Parties	Projects	Date	Period	Leased assets	Total amount of rental
TSFL (as lessor)  Zhong An United Coal Chemical Co., Ltd. ("Zhong An United") (as lessee)	<b>Equipment Operating Leaseback Project I of Zhong An United</b>	26 July 2022	5 years (Note: On 18 December 2025, TSFL and Zhong An United entered into a supplemental agreement, pursuant to which, Zhong An United agreed to early redeem the leased assets and repay all corresponding amount in December 2025. All rights and obligations under the Lease Agreement were terminated accordingly)	Special equipment for chemical products pipeline, other petroleum and chemical industry	The final rental of approximately RMB424,652,000 were settled by RMB in cash.
	<b>Equipment Operating Leaseback Project II of Zhong An United</b>	26 July 2022	5 years	Dongfang boilers, air separation unit	Approximately RMB336,476,000 shall be settled by RMB in cash. Zhong An United shall pay, for the first 6-month rentals, 6 months after the commencement date of leasing and for the balance, every 6 months after payment of the first rentals.
Taiping & Sinopec TJ12 Shipping Leasing Company Ltd. ("Taiping 12") (as lessor)  Sinopec Shanghai Offshore Oil Engineering Company Limited ("Offshore Oil Engineering") (as lessee)	<b>1 AHTS Lease Project of Offshore Oil Engineering</b>	11 May 2021	One year from 15 September 2021 and parties to the agreement may enter into a renewal agreement with the agreed rentals before the expiry date. The period has been extended one more year to 14 September 2026 pursuant to a renewal agreement.	Tugboat	Approximately RMB7,665,000 shall be settled by RMB in cash. Offshore Oil Engineering shall pay, for the first 3-month rentals, 3 months after the commencement date of leasing and for the balance, every 3 months after payment of the first rentals.
Taiping & Sinopec TJ22 Shipping Leasing Company Ltd. ("Taiping 22") (as lessor)  Offshore Oil Engineering (as lessee)	<b>JU2000E Jack-up Drilling Platform Operating Lease Project of Sinopec Ocean Bureau</b>	7 August 2022	From 29 November 2022 to 29 November 2023 and parties to the agreement may enter into a renewal agreement with the agreed rentals before the expiry date. The period has been extended one more year to 29 November 2026 pursuant to a renewal agreement.	Exploration vessel	Approximately RMB38,982,000 shall be settled by RMB in cash. Offshore Oil Engineering shall pay for the rentals by two instalments 6 months and 12 months after the commencement date of leasing.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

### (II) Continuing Connected Transactions (Continued)

#### 1. Operating Lease Service Agreements entered into between TSFL and its subsidiaries and associates of China Petrochemical Corporation in respect of operating lease services (Continued)

Upon the term of the respective Operating Lease Service Agreements expires, the lessees may, as needed, renew the lease of, return, acquire or handle the leased assets by any other means agreed upon by both parties.

For more details of the respective Operating Lease Service Agreements, please refer to the announcement of the Company dated 28 March 2023.

#### 2. The Lease Framework Agreement entered into between TSFL and Sinopec Industry-Finance Holdings

Reference is made to the paragraph headed “1. Operating Lease Service Agreements entered into between TSFL and its subsidiaries and associates of China Petrochemical Corporation in respect of operating lease services” above, as the TSFL Group (as lessor) has provided finance lease services and operating lease services to China Petrochemical Corporation Group (as lessee) from time to time, and the Company expects that the TSFL Group will continue to provide lease services to China Petrochemical Corporation Group, TSFL and Sinopec Industry-Finance Holdings Co., Ltd. (“**Sinopec Industry-Finance Holdings**”), a wholly-owned subsidiary of China Petrochemical Corporation, entered into the lease framework agreement on 11 May 2023 (the “**Lease Framework Agreement**”), pursuant to which the TSFL Group (as lessor) agreed to provide Lease Services to China Petrochemical Corporation Group (as lessee), from 11 May 2023 to 31 December 2025 (both days inclusive).

Pursuant to the Lease Framework Agreement, the TSFL Group (as lessor) agrees to provide China Petrochemical Corporation Group (as lessee) with (1) sale and leaseback finance lease and/or operating lease arrangements (to be determined based on applicable accounting standards) (in which case the lessor would purchase the leased assets from the lessee, and lease back the leased assets to the lessee); (2) finance lease and/or operating lease arrangements (to be determined based on applicable accounting standards) involving the leasing of the leased assets to the lessee acquired by the lessor as per the choices of the lessee; (3) other finance lease, operating lease and the renewal or leasing of the leased assets under them that recognised under the laws of the PRC within the term of the Lease Framework Agreement.

The annual caps for the leasing services to be provided under the Lease Framework Agreement between TSFL Group and China Petrochemical Corporation Group for each of the three years ending December 31, 2025, and within the previous 12 months of anytime during the valid period of the Lease Framework Agreement are RMB 6 billion (for financial leasing services) and RMB 4 billion (for operating leasing services).

The total transaction amount in relation to finance lease services shall include the lease principal, the lease interest, the economic consultancy fees and/or other fees (if any) specified in the implementation agreement, while the total transaction amount in relation to operating lease services shall include the annual rental, the consideration for purchasing lease assets from China Petrochemical Corporation for the provision of operating lease services, the economic consultancy fees and/or other fees (if any) specified in the implementation agreements.

In 2025, the total transaction amount of the finance lease services and operating lease services provided by TSFL to China Petrochemical Corporation were RMB3,148 million and RMB1,176 million, respectively.

For more details of the Lease Framework Agreement, please refer to the announcement of the Company dated 11 May 2023.

## **CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS** (Continued)

### **(II) Continuing Connected Transactions (Continued)**

The independent non-executive directors of the Company have reviewed the transactions above, and confirmed the above transactions were:

- (i) entered into during the ordinary course of business of the Group;
- (ii) on normal commercial terms or on better terms; and
- (iii) in accordance with the agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company were engaged to review the above transactions of the Group in accordance with Hong Kong Standard on Assurance Engagement 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules”. The auditors have issued an unqualified opinion and confirmed that nothing has come to their attention about matters mentioned in Rule 14A.56 of the Listing Rules.

Save as disclosed above, during the Year, the Group did not have any material connected transaction or continuing connected transactions which were required to be disclosed in accordance with the requirements of the Listing Rules and none of the material related party transactions as disclosed in Note 45 to the consolidated financial statements constitute a discloseable connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

## **INTEREST BEARING NOTES**

Particulars of the interest bearing notes of the Company and the Group as at 31 December 2025 are set out in Note 34 to the consolidated financial statements.

## **PERPETUAL SUBORDINATED CAPITAL SECURITIES**

Particulars of the perpetual subordinated capital securities of the Company as at 31 December 2025 are set out in Note 40 to the consolidated financial statements.

## **FIVE YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out at the end of the financial statements.

## **RETIREMENT SCHEMES**

Particulars of the retirement schemes are set out in Note 41 to the consolidated financial statements.

## **CORPORATE GOVERNANCE**

Information on the Company’s corporate governance practices during the Year is set out in the “Corporate Governance Report” of this announcement.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2025.

Further information on the composition of the Audit Committee and the work performed by the Audit Committee during the Year is set out in this announcement under the section headed “Audit Committee” in the Corporate Governance Report.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this announcement, there was sufficient public float, as not less than 25.0% of the Company’s issued shares were held by the public.

## **AUDITOR**

Messrs. KPMG was the auditor of the Company in 2022, with its retirement upon the expiration of its terms of office at the conclusion of the annual general meeting of the Company in 2023. Messrs. PricewaterhouseCoopers was the auditor of the Company in 2023, with its retirement upon the expiration of its terms of office at the conclusion of the annual general meeting of the Company in 2024, Messrs. KPMG was appointed as the auditor of the Company. Messrs. KPMG was reappointed as the auditor of the Company at the annual general meeting of the Company in 2025.

By Order of the Board  
**YIN Zhaojun**  
*Chairman*

Hong Kong, 25 March 2026

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to the establishment of good standards of corporate governance practices by emphasising transparency and accountability. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of our shareholders, to comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance practices. During the Year, the Company has complied with the Code Provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the model code set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the directors. Having made specific enquiries of all of the Directors, all of the Directors confirmed that they have complied with the required standards set out in the Model Code during the Year.

### **BOARD OF DIRECTORS**

The Board is collectively responsible for supervising the management of the business and affairs of the Group. The Board currently is comprised of a total of 10 Directors, with 3 executive Directors, 3 non-executive Directors, and 4 independent non-executive Directors.

The names of the Directors are set out in this announcement under the section headed “Corporate Information”.

The biographies of the Directors are set out in this announcement under the section headed “Biographical Details of Directors, Senior Management and Company Secretary”.

## BOARD OF DIRECTORS (Continued)

During the Year, the Board held 11 meetings. The attendance of the Directors for the Board, various Board committees and general meeting are as follows:

	Attendance / No. of meetings eligible to be attended					General Meeting
	Board Meetings	AC	NRC	SIC	RMC	
<b>Executive Directors</b>						
Mr. YIN Zhaojun	11/11	-	1/1	1/1	-	1/1
Mr. LI Kedong	10/11	-	-	0/1	1/2	1/1
Ms. NA Yanfang (appointed on 25 September 2025)	2/2	-	-	-	-	-
<b>Non-executive Directors</b>						
Mr. HU Xingguo	11/11	4/4	-	1/1	-	1/1
Mr. ZHOU Lianggang (appointed on 24 March 2025)	8/8	-	-	-	-	1/1
Mr. FENG Zhanwu (appointed on 21 November 2025)	1/1	-	-	-	-	-
Mr. GUO Zhaoxu (resigned on 21 November 2025)	10/10	-	-	-	2/2	1/1
Ms. ZHANG Cui (resigned on 21 November 2025)	10/10	3/3	-	-	2/2	1/1
<b>Independent Non-executive Directors</b>						
Mrs. LAW FAN Chiu Fun Fanny	9/11	1/4	1/1	-	-	1/1
Ms. LIU Yi	10/11	4/4	-	-	-	1/1
Mr. SHIU Sin Por	11/11	4/4	1/1	-	-	1/1
Mr. CAI Hongping	11/11	4/4	-	-	2/2	1/1

*Notes:*

AC – Audit Committee;

NRC – Nomination and Remuneration Committee

SIC – Strategy and Investment Committee

RMC – Risk Management Committee

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains an effective corporate governance structure in each individual subsidiary. Daily operations and administration are delegated to the management of each individual subsidiary. During the Year, none of the Directors above had or maintained any financial, business, family or other material/ or other relevant relationships with any of the other Directors.

Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

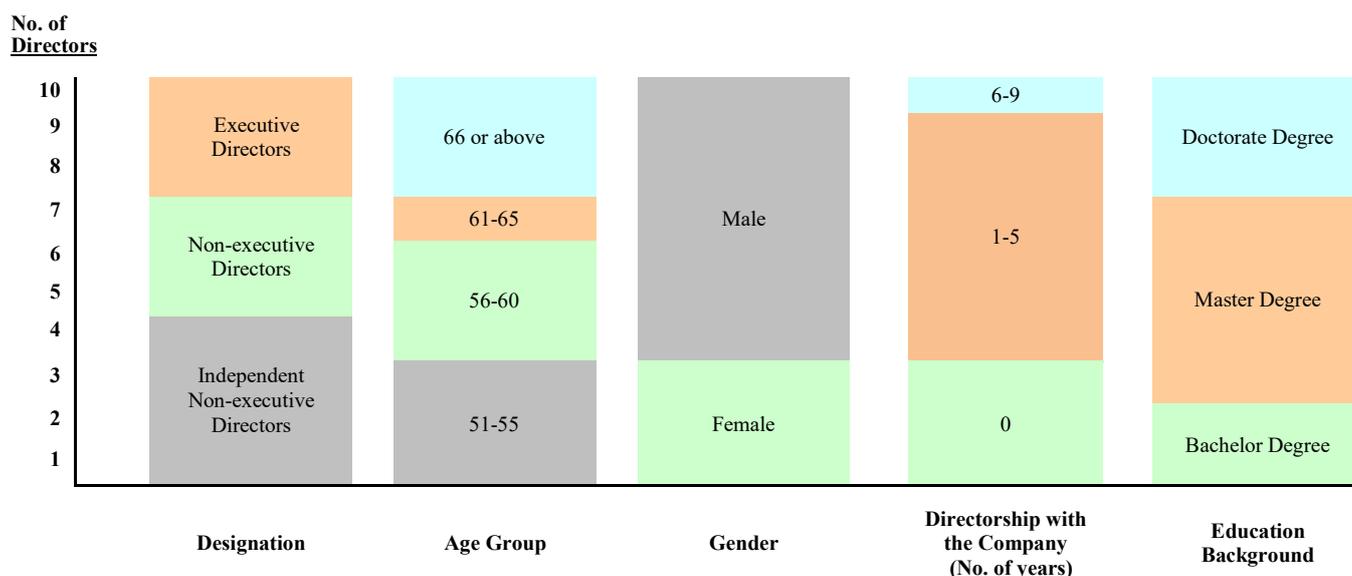
## NOMINATION POLICY AND BOARD DIVERSITY POLICY

Pursuant to the terms of reference of the nomination and remuneration committee, the nomination and remuneration committee is responsible to identify and nominate qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise, and make recommendation to the Board. Furthermore, the nomination and remuneration committee will also make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the general manager.

## NOMINATION POLICY AND BOARD DIVERSITY POLICY (Continued)

The selection criteria used by the nomination and remuneration committee in assessing the suitability of a proposed candidate includes: the ability to fulfil director's duties, complement the Company's corporate strategy, possess relevant experience, maintained a good reputation, alignment with the board diversity policy, etc. However, these factors are not meant to be exhaustive, the nomination and remuneration committee has the discretion to nominate any person it considers appropriate. Furthermore, the Board has adopted a board diversity policy, when considering the combination of board members, diversity factors including without limitation, age, cultural and educational background, professional experience, skills, knowledge, length of service, and gender, so as to achieve a sustainable and balanced development of the Board to support the Company's strategic goals and maintain sustainable development.

As at the date of this announcement, the Board's composition under major criteria for diversity was summarised as follows:



Furthermore, the Board members equipped with a wide range of professional background and skills, including experience in insurance companies, banks, government and regulatory bodies, financial accounting, academic research, news and publishing, and as directorship of listed companies. Currently, the Board have 10 Directors, 3 of whom are female, representing for 30%. The Board wish to maintain the current level of female membership. As more and more women are holding high positions in the economic system, the Board will continue to increase the ratio of female members if there are suitable candidates in the future. The Board values diversity in gender, age and other aspects of its composition. When the Board decides to appoint additional or substitute directors, it will identify suitable candidates through multiple channels, including recommendations from current Directors, shareholders, management and external sources.

### Gender Diversity of the Workforce

The Company also promotes diversity policy at employee level and departmental level. As at 31 December 2025, the Company had a total of 57,943 employees (excluding senior management), of whom 51.0% were female and 49.0% were male, and the overall ratio of male to female employees of the Company was maintained relatively even. Currently, the Company had a total of 8 members of senior management, all of whom were male, and the Company will continue to focus on the diversity of the senior management. The proportions of female full-time internal staff by job function were approximately 41.8%, 54.6% and 40.7% in the management, professional and supporting categories, respectively. The Company has achieved solid results in gender diversity. The Company will continue to pay attention to the diversity of the workforce structure, carry out monthly statistics on the gender, age, education, cultural background and work experience and other information of all employees, and conduct regular analysis to avoid structural imbalance and continuously promote and maintain a diverse workforce environment.

## NOMINATION POLICY AND BOARD DIVERSITY POLICY (Continued)

### Directors' Skills and Experience

	Executive leadership & strategy management experience	Board, board committees, director or senior management experience in other listed companies	Professional guidance / in areas such as accounting, finance, economics & law that may assist the board in decision making	Financial management experience	Risk & compliance management experience	Sustainability (Environmental, Social & Governance)
<b>Executive Directors</b>						
Mr. YIN Zhaojun	✓	✓	✓	✓	✓	✓
Mr. LI Kedong	✓	✓	✓	✓	✓	✓
Ms. NA Yanfang (appointed on 25 September 2025)	✓		✓		✓	✓
<b>Non-executive Directors</b>						
Mr. HU Xingguo	✓	✓	✓	✓	✓	✓
Mr. ZHOU Lianggang (appointed on 24 March 2025)	✓		✓		✓	✓
Mr. FENG Zhanwu (appointed on 21 November 2025)	✓		✓		✓	✓
<b>Independent Non-executive Directors</b>						
Mrs. LAW FAN Chiu Fun Fanny	✓	✓	✓	✓	✓	✓
Ms. LIU Yi	✓	✓	✓	✓	✓	✓
Mr. SHIU Sin Por	✓	✓	✓	✓	✓	✓
Mr. CAI Hongping	✓	✓	✓	✓	✓	✓
Coverage (%)	100%	70%	100%	70%	100%	100%
No. of Directors (the Board consists of 10 Directors)	10	7	10	7	10	10

The Directors' skills and experience covers strategy management, financial management, risk & compliance management, and ESG management etc., effectively supporting the Group's insurance business strategies and sustainable development. Their backgrounds include government leadership, university professors, and corporate senior executives. The Directors' diverse backgrounds, extensive experience, and gender diversity contribute to optimise the Company's governance structure and sustaining high-quality development, fully embodying the inclusive culture and values championed by the Group.

To ensure the Board continues to possess the appropriate skills and expertise relevant to the business of the Group, an analysis of skill set mix was considered by the nomination and remuneration committee.

The Board considers that the current board composition is diverse and meets the criteria of the board diversity policy, its experience can supervise and guide the management, and to cope with the Company's development strategies. The Board will review the board diversity from time to time to ensure that the board diversity policy is complied with.

## **MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD**

The nomination and remuneration committee reviewed annually and from time to time and considered that the following key features or mechanisms under the Board and governance structure are effective in ensuring that independent views and input are provided to the Board.

- (1) Board and board committees' structure - The Board has 4 independent non-executive Directors, who are independent of and not related to each other, other members of the Board and any members of the senior management. The majority of the audit committee, nomination and remuneration committee members are independent non-executive Directors, while the audit committee, nomination and remuneration committee and risk management committee are chaired by independent non-executive Directors.
- (2) Independent non-executive Directors' remuneration - Independent non-executive Directors receive a fixed remuneration or not receiving any director's remuneration.
- (3) Appointment of independent non-executive Directors - In assessing the suitability of the candidates, the nomination and remuneration committee will review their biographical details, qualifications and time commitment, and will also consider if the candidate align with the composition of the board, the skills and experience of the Directors, and comply with the Company's nomination policy and board diversity policy.
- (4) Independent non-executive Directors provide time commitment and annual review of independence - All independent non-executive directors provide details of their positions in public companies or organisations to the Company every year, and confirm to the Company that they have devoted sufficient time and energy to handle Company's affairs. At the same time, independent non-executive directors are required to undergo a review of their independence when they are appointed, and an annual review thereafter to ensure their independence.
- (5) Conflict of interest management - When holding board meetings or board committees' meetings, all Directors are required to declare their interests in accordance with the Company's articles of association and take appropriate actions to avoid conflicts of interest.
- (6) Independent non-executive Directors participate in the proposal reporting or research meetings of the Board - All independent non-executive Directors are invited to participate in proposal reporting meetings to share their views and opinions. The opinions of all independent non-executive Directors are important and will be properly handled. Furthermore, depending on working needs or the requirements of independent non-executive Directors, the Company will arrange independent non-executive Directors to participate in various research activities and participate in meetings related to Group's operation and management.
- (7) Meeting between independent non-executive Directors and the chairman - The annual meeting between the chairman and all independent non-executive Directors is held without the presence of other directors, providing an effective platform for the chairman to receive independent opinions on various issues of the Group.
- (8) Professional advice - To facilitate proper discharge of their duties, all Directors (including independent non-executive Directors) are entitled to seek advice from the company secretary or the in-house legal team as well as from independent professional advisers at the Company's expense.

## DIRECTORS' TRAINING

Directors provided their training record and confirmed that they have complied with 3.09F and 3.09G of the Listing Rules during the Year, with details as summarised below:

	Areas						Approximately number of training completed in 2025	Training method
	Board and directors' duties	Listing Rules and Hong Kong law compliance	Corporate governance and ESG	Risk management and internal controls	Industry and business updates	Others		
<b>Executive Directors</b>								
Mr. YIN Zhaojun	✓	✓	✓	✓	✓	✓	60.5 hours	A B
Mr. LI Kedong	✓	✓	✓	✓	✓	✓	74.5 hours	A B C
Ms. NA Yanfang (appointed on 25 September 2025)	✓	✓	✓	✓	✓		22.6 hours	A B
<b>Non-executive Directors</b>								
Mr. HU Xingguo	✓	✓	✓	✓	✓	✓	136.5 hours	A B C
Mr. ZHOU Lianggang (appointed on 24 March 2025)	✓	✓	✓	✓	✓	✓	134.5 hours	A B C
Mr. FENG Zhanwu (appointed on 21 November 2025)	✓	✓	✓	✓	✓		22 hours	A B
<b>Independent Non-executive Directors</b>								
Mrs. LAW FAN Chiu Fun Fanny	✓	✓	✓	✓	✓	✓	61 hours	A B C
Ms. LIU Yi	✓	✓	✓	✓	✓	✓	154.5 hours	A B C
Mr. SHIU Sin Por	✓	✓	✓	✓	✓		32.5 hours	A B C
Mr. CAI Hongping	✓	✓	✓	✓	✓		46.7 hours	A B C

*Notes:*

A – reading regulatory and industry related updates;  
B – attend physical or online training seminars; and  
C – training sessions, discussions or on-site research.

Ms. NA Yanfang (“**Ms. NA**”), newly appointed as a Director in September 2025, and Mr. FENG Zhanwu (“**Mr. FENG**”), newly appointed as a Director in November 2025, are both required to complete no less than 24 hours of continuing professional development training within 18 months of their appointment pursuant to Rule 3.09H of the Listing Rules. As at the end of 2025, Ms. NA and Mr. FENG had completed 22.6 hours and 22 hours of training respectively and will continue to participate in continuing professional development training in 2026 to fulfil the requirement of completing 24 hours of training within 18 months.

Directors were given relevant guideline materials regarding the duties and responsibilities for being a director, relevant laws and regulations applicable to the directors and the duties on disclosures of interests. Such induction materials will also be provided to newly appointed Directors, including Mr. ZHOU Lianggang (“**Mr. ZHOU**”) appointment in March 2025, Ms. NA appointment in September 2025, and Mr. FENG appointment in November 2025. Mr. ZHOU, Ms. NA and Mr. FENG had obtained legal advice referred to the Rule 3.09D of the Listing Rules and has confirmed their understood their obligations as a director of the Company on 19 March 2025, 19 September 2025 and 27 October 2025, respectively.

## **DIRECTORS' TIME COMMITMENT**

The Company has received confirmation from each of the Directors regarding number and nature of offices held by them in public companies or organisations and other significant external time commitments and confirmed that they have given sufficient time and attention to the affairs of the Company for the Year.

Furthermore, the Nomination and Remuneration Committee has reviewed and assessed each Director's time commitment and contribution to the Board during 2025 and each Director's ability to discharge their responsibilities. Having considered (i) the Director's skill and experience which were summarised in the Director's skill set mix set out in the "Nomination Policy and Board Diversity Policy" section; (ii) each Director's role and position in the Company, as well as their external directorships or offices in other companies or organisations and other major commitments; and (iii) each Directors' attendance record for Board and Board committees' meetings during the Year, the Nomination and Remuneration Committee were of the view that each Director has given sufficient time and attention to the affairs of the Company and undertook his or her responsibilities effectively during 2025.

## **BOARD EVALUATION**

Pursuant to Code Provision B.1.4 of the Code, the Company should conduct a formal evaluation of the Board's performance at least every two years. No Board performance review conducted during the Year and the upcoming Board performance review will be conducted in 2026.

## **CHAIRMAN AND GENERAL MANAGER**

Mr. YIN Zhaojun is the chairman of the Company, while Mr. LI Kedong is the general manager. The roles of the chairman and the general manager are clearly defined, segregated and established in writing and are not exercised by the same individual.

## **BOARD COMMITTEES**

The Company currently has 4 board committees (namely the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Strategy and Investment Committee) with defined terms of reference which are posted on the websites of the Company and the Stock Exchange.

## AUDIT COMMITTEE

The Audit Committee with specific written terms of reference was established by the Company on 29 May 2000 and the Chinese name was amended on 27 August 2024.

The written terms of reference for the Audit Committee are in accordance with the Code. The role and principal duties of the Audit Committee include meeting with the Group's senior management and external auditor regularly to review the effectiveness of the internal control system and the interim and annual results of the Group.

Ms. ZHANG Cui, a non-executive director, resigned as a member of the Audit Committee on 21 November 2025. Currently, Ms. LIU Yi, an independent non-executive Director, is the chairman of the Audit Committee, with 1 non-executive Director, namely Mr. HU Xingguo, and 3 independent non-executive Directors, namely Mrs. LAW FAN Chiu Fun Fanny, Mr. SHIU Sin Por and Mr. CAI Hongping as members.

During the period from 1 January 2025 to the date of this announcement, the Audit Committee held 6 meetings, and the subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the interim results and annual results of the Company and its subsidiaries;
- Reviewed and recommended the re-appointment of auditor, approved the remuneration and terms of engagement of the auditor, assessed the auditor's independence and objectivity, and the effectiveness of the audit process;
- Reviewed the internal audit annual plan, quarterly and annual reports; and
- Reviewed the internal control report.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination Committee and Remuneration Committee with specific written terms of reference were established by the Company on 29 March 2012 and 24 February 2005, respectively. On 27 August 2024, the Nomination Committee and Remuneration Committee has been reorganised into Nomination and Remuneration Committee.

The role and principal duties of the Nomination and Remuneration Committee include reviewing the Board composition, assist the Board in maintaining a board skills matrix, developing and formulating the relevant procedures for nomination and appointment of directors and assessing the independence of the independent non-executive Directors to ensure that the Board has a balance of expertise, skills, experience and diversity and supports the Company's regular evaluation of the Board's performance. Furthermore, they also include the making of recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management; the establishment of a formal and transparent procedure for developing the policy on such remuneration; and to assess the performance of executive Directors and to determine the specific remuneration packages of all executive Directors and senior management and make recommendations to the Board. For details of the Company's nomination policy, please refer to the section headed "Nomination Policy and Board Diversity Policy" above.

The main principles of the Group's remuneration policies are:

- (a) Remuneration should be determined by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, employment conditions elsewhere in the Group and the appropriateness of performance-based remuneration;
- (b) Performance-based remuneration should be reviewed and approved with reference to the corporate goals and objectives approved by the Board from time to time; and
- (c) No Director should be involved in deciding his or her own remuneration.

## **NOMINATION AND REMUNERATION COMMITTEE** *(Continued)*

Ms. NA Yanfang, an executive Director, was appointed as a member of the Nomination and Remuneration Committee on 25 September 2025. Mr. YIN Zhaojun, the chairman of the Board and an executive Director, resigned as a member of the Nomination and Remuneration Committee on the same day. Currently, Mr. SHIU Sin Por, an independent non-executive Director, is the chairman of the Nomination and Remuneration Committee, with 1 executive Director, namely Ms. NA Yanfang and 1 independent non-executive Director, namely Mrs. LAW FAN Chiu Fun Fanny, as members.

During the period from 1 January 2025 to the date of this announcement, the Nomination and Remuneration Committee held 2 meeting, and the subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the structure, skill matrix, diversity policy and policy of independent views mechanism of the Board;
- Assessed the Directors' time commitment and contribution to the Board, Directors' ability to discharge his/her responsibilities effectively and independence of the independent non-executive Directors;
- Made recommendations to the Board on the appointment and reappointment of Directors in accordance with the nomination policy;
- Made recommendations to the Board on the remuneration of Directors and senior management including, among others, assessing the performance of Directors; and
- Approved the appointment letter of Directors.

## **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee with specific written terms of reference was established by the Company on 30 December 2015. The role and principal duties of the Risk Management Committee include overseeing the Company's and its subsidiaries' overall risk management framework, acting as the second line of defense, and advising the Board on the Group's risk-related matters.

Mr. LI Kedong, an executive director, was appointed as a member of the Risk Management Committee and Mr. YIN Zhaojun has ceased to be a member of the Risk Management Committee on 23 January 2025. Ms. NA Yanfang, an executive Director, was appointed as a member of the Risk Management Committee on 25 September 2025. Ms. ZHANG Cui and Mr. GUO Zhaoxu, non-executive Directors, resigned as a members of the Risk Management Committee on 21 November 2025. Mr. FENG Zhanwu, a non-executive Director, was appointed as a member of the Risk Management Committee on the same day. Currently, Mr. CAI Hongping, an independent non-executive Director, is the chairman of the Risk Management Committee, with 2 executive Directors, namely Mr. LI Kedong and Ms. NA Yanfang, and 1 non-executive Director, namely Mr. FENG Zhanwu, as members.

During the period from 1 January 2025 to the date of this announcement, the Risk Management Committee held 2 meetings, and the subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the quarterly and annual risk management reports and annual compliance report;
- Reviewed the risk appetite of the Group; and
- Reviewed the comprehensive risk management framework.

## STRATEGY AND INVESTMENT COMMITTEE

The Strategy and Investment Committee with specific written terms of reference was established by the Company on 27 August 2024, in place of the Corporate Governance Committee established by the Company on 17 October 2014, to oversee the strategy, investment and corporate governance matters of the Company.

Mr. ZHOU Lianggang, a non-executive Director, was appointed as a member of the Strategy and Investment Committee on 24 March 2025. Ms. NA Yanfang, an executive Director, was appointed as a member of the Strategy and Investment Committee on 25 September 2025. Currently, Mr. YIN Zhaojun, the chairman of the Board and an executive Director, is the chairman of the Strategy and Investment Committee, with 2 executive Directors, namely Mr. LI Kedong and Ms. NA Yanfang, and 2 non-executive Directors, namely Mr. HU Xingguo and Mr. ZHOU Lianggang, as members.

During the period from 1 January 2025 to the date of this announcement, the Strategy and Investment Committee held 1 meeting, and the subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the structure, directors' skill, experience & diversity and policy of independent views mechanism of the Board;
- Reviewed the shareholder communication policy review report;
- Reviewed compliance with the Code and disclosure in the Corporate Governance Report; and
- Reviewed the Group's annual strategic allocation plan and other investment matters.

## AUDITOR'S REMUNERATION

KPMG is the auditor of the Company. The services provided by them include audit, other assurance and non-audit services. During the 2025 financial year, the fees paid and payable for the Group were HK\$48.87 million, of which the fees for the statutory audit and other assurance services were HK\$42.36 million and tax advisory and non-audit services were HK\$6.51 million.

## RESPONSIBILITY STATEMENT OF DIRECTORS ON FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements which gives a true and fair view of the Company's financial position, performance results and cash flows. To the best knowledge of the Directors, there was no material event or condition during the Year that might have a material adverse effect on the continuing operation of the Company.

The statement of the auditor of the Company on their responsibilities on the financial statements is set out in the Independent Auditor's Report.

## COMPANY SECRETARY

Mr. ZHANG Ruohan ("Mr. ZHANG") is a senior management, chief financial officer and company secretary of the Company. Mr. ZHANG had taken no less than 15 hours of the relevant professional training on review of the Listing Rules and other compliance requirements during the Year.

## RISK MANAGEMENT

The Group has established a comprehensive risk management system covering the entire Group, with further improvements made to the organisational structure, policies, working mechanisms and processes of risk management.

The Board of Directors conducts annual reviews of risk management work in accordance with its responsibilities to ensure the effectiveness of its implementation.

In 2025, the Group closely followed the risk appetite of “Adherence to the Bottom Line and Act Prudently” to deal with various risks encountered in the operation. It stuck to the bottom line that no systematic risk shall occur, and exerted effort to implement its high-quality development strategies. By further improving the comprehensive risk management system with “Three Lines of Defense”, it implemented the risk appetite, perfected the risk management framework, consolidated and strengthened the synergy of the risk management organisational structure, enhanced risk management level, and enhanced the risk assessment and response capacity, in order to promptly solve existing risks and effectively prevent new risks.

### *I. The Board’s Statement in Respect of Comprehensive Risk Management Responsibilities*

The Board is responsible for establishing and maintaining an effective comprehensive risk management system. The comprehensive risk management of the Company is jointly implemented by the Board, the management and all staff members. The goal of the comprehensive risk management of the Company is to promote the realisation of the strategic objective with adherence to the matching of risks and returns while at the same time maintain stability and prudence.

The Board believes that during the Year, the Group’s comprehensive risk management system was sound, its implementation was effective and adequate, and risks were controllable.

Due to the inherent limitations of the comprehensive risk management system, the Group can only provide reasonable assurance regarding the achievement of the above objectives. The effectiveness of risk management may also change with alterations in the internal and external environment and operating conditions.

The Company’s risk management report of 2025 has been completed and has been reviewed and approved by the Board. The Board and all of its members are responsible for the risk management report’s truthfulness, accuracy and integrity.

### *II. Main Characteristics of Risk Management*

The Group enhanced the construction of comprehensive risk management throughout the Group according to the internal risk management needs under a “Unified Framework, Hierarchical Management” mode, which further improved the risk management process and system; and fully implemented the division of responsibilities among different departments under the “Three Lines of Defense” of the comprehensive risk management, and continuously strengthened the coordination and cooperation among organisations to create synergy in risk prevention and control and continuously optimise the risk prevention and control framework and mechanism.

The first line of defense comprises business management departments, which are the direct bearers and managers of various types of risks. They are responsible for identifying, assessing, monitoring and controlling specific risks during customer marketing, business development and business management processes, and take the lead or participate in the construction of various risk management systems. The second line of defense comprises risk management departments, which are responsible for leading the comprehensive risk management of the Group, organising the construction of the risk management system, and guiding, supporting and supervising the risk management work of the first line of defense. The third line of defense comprises audit departments, which evaluate the performance and effectiveness of the first and second lines of defense.

## **RISK MANAGEMENT** *(Continued)*

### **II. Main Characteristics of Risk Management** *(Continued)*

Regarding the identification and management process of significant risks, the Group follows the principle of “Group Coordinating Policy Formulation, Member Companies Implementing Execution” to identify, measure, assess, monitor, control and report risks in daily operations.

(a) Risk Identification. Member companies and branches independently identify various potential risks based on their business scope, business processes and management segments. The Group aggregates various business risks and risks existing at the overall Group level to establish a complete risk inventory and classifies the identified risks.

(b) Risk Measurement. The Group and regulated member companies use risk indicators or models to scientifically measure risks and accurately quantify various capitalisable risks faced by the company.

(c) Risk Assessment. The Group has established a risk assessment management mechanism, utilising risk assessment tools such as credit ratings, sensitivity analysis, and Value at Risk (VaR) to assess various risk exposures. Member companies establish their own risk assessment management mechanisms in accordance with Group regulations, proactively assess risk identification results, and submit risk assessment-related information as required by the Group.

(d) Risk Monitoring. The Group strengthens daily monitoring of various risks, conducts risk investigations as appropriate, and guides member companies to promptly handle significant risk events and abnormal situations discovered. Member companies establish their own management mechanisms in accordance with Group monitoring and early warning requirements, conduct daily monitoring of their risk status, and report significant risk events, abnormal situations and their handling to the Group.

(e) Risk Control. The Group clarifies limits, approval processes and mitigation measures for various risks, implements tiered and classified management, and effectively controls major risks such as insurance, market and credit risks faced by the company. Member companies establish their own control mechanisms for various risks based on Group control strategies and their actual circumstances, and implement risk control responsibilities.

(f) Risk Reporting. The Group has established a risk management reporting mechanism. Member companies establish reporting mechanisms based on the Group’s risk management reporting mechanism and their actual circumstances, ensuring the effective operation of risk management communication mechanisms.

Regarding disclosure procedures, the Group has formulated an information disclosure management policy that clarifies the management, review and publication processes for information disclosure. The Group strictly fulfills its confidentiality responsibilities for inside information. All information required to be disclosed (including inside information) is approved through established procedures to ensure timely, accurate and complete disclosure and prevent the creation of a false market.

### **III. Risk Assessment and Significant Changes During the Reporting Period**

During the reporting period, the Group conducted a comprehensive risk assessment, focusing on the Self-Assessment of Risk Management Ability regarding Solvency (SARMRA). From the perspectives of policy soundness and compliance effectiveness, the Group fully identified deficiencies in the management of various risks including insurance risk, market risk and credit risk. The assessment found no significant deficiencies in risk management design or implementation. Risks that may arise from deficiencies or weaknesses identified in routine inspections were within controllable ranges, and through conscientious rectification and implementation, did not have a material impact on the achievement of the Group’s financial reporting objectives.

## **RISK MANAGEMENT** *(Continued)*

### **III. Risk Assessment and Significant Changes During the Reporting Period** *(Continued)*

The Group has incorporated ESG into its comprehensive risk management work, gradually improving the Group's ESG risk management framework, and integrating ESG risk identification, monitoring, assessment and management into daily operations and management.

There were no significant changes to the risk management system during this reporting period.

### **IV. Internal Audit Function**

The Group maintains a stand-alone internal audit department responsible for conducting independent and objective oversight, evaluation and recommendations concerning the financial receipts and payments, economic activities, internal controls and risk management of the Group and its subsidiaries.

### **V. Supporting Information for the Board's Assessment Conclusions**

The Board conclusion that risk management is appropriate and effective can be based on, among others, the following supporting information:

- (i) Regularly prepared comprehensive risk management reports confirming that the Group's risks are generally controllable;
- (ii) The SARMRA self-assessment conducted during the year, which showed that the Group's comprehensive risk management system was operating well;
- (iii) The special audit of the solvency risk management system conducted during the year, which concluded that the Group's risk prevention and control capabilities continued to improve, the risk management system and tools were further refined, Group-specific risks were effectively managed in a targeted manner, and no major issues were identified.

### **VI. Internal Control Implementation**

During the Year, the Group optimised and enhanced its internal control system in 5 key areas: control environment, risk identification and assessment, control activities, information and communication, and internal supervision. These improvements were made in accordance with relevant laws, regulations, and supervisory requirements, while considering the Company's development strategy goals, and internal and external environmental changes.

#### **6.1 Continuous Optimisation of the Internal Control Environment**

The Group continuously optimises corporate governance. The governance structure, composed of the Board and senior management, operates in a standardised manner with clear responsibilities and effective checks and balances. The internal control organisational framework, centered around the "Three Lines of Defense" has been operating stably. During the Year, the company completed the formulation and revision of 53 policies and regulations, driving the continuous improvement of the institutional system. The company deepened its authorisation work for subsidiaries, optimised the authorisation and control model, and effectively advanced the modernisation of the governance system. It also focused on building an internal control and compliance culture, conducting specialised training in areas such as compliance management, criminal case risk prevention, and anti-money laundering. This has continuously enhanced the internal control and compliance awareness of employees at all levels.

## **RISK MANAGEMENT** *(Continued)*

### **VI. Internal Control Implementation** *(Continued)*

#### **6.2 Enhanced Risk Identification and Assessment**

During the Year, the Group organised and conducted specialised assessment work covering operational risk, internal control, and crime-related case risk prevention throughout the entire group. Targeting the management shortcomings identified during the assessments, the Company urged its subsidiaries to implement corrective actions, using these measures to enhance management and establish a long-term mechanism for risk prevention. The Company continuously strengthened risk analysis and compliance assessments, through regular analysis and reporting of subsidiaries' administrative penalties, dynamically monitoring the compliance landscape of the Group and effectively enhancing the foresight in risk identification and response.

#### **6.3 Improved Quality of Control Activities**

The Company deepens its process-centrism internal control management mechanism, leveraging dual drivers of institutional development and system optimisation to comprehensively enhance governance standards. By establishing fundamental compliance management policy and revising regulations such as the Anti-Terrorist Financing and Money Laundering Risk Management Measures, we have further consolidated the foundation of internal control and compliance, and optimised related-party transaction management. Ongoing efforts have reinforced financial governance, tightened procurement management and supervision, and strictly implemented the "Transparent Procurement" requirements. We have comprehensively strengthened the foundational aspects of business operations, product management, actuarial science, solvency, and reinsurance. Continuous enhancement of investment risk prevention and control measures ensures asset security. We also prioritise strengthening consumer protection at the source.

#### **6.4 Improved Information Exchange and Communication**

The Company is committed to establishing an integrated internal and external information communication system that connects vertically and horizontally. Externally, the Company has formulated and strictly implemented information disclosure management measures to ensure that information disclosure complies with laws and regulations, is timely and accurate, and genuinely safeguards the right to information of stakeholders. Internally, the Company has revised and improved official document management regulations, clarifying procedures for receiving and dispatching official documents to continuously enhance the standardisation and operational efficiency of internal information transmission. Additionally, through organising corporate culture activities, the promotion of corporate culture concepts has been integrated into daily business operations, facilitating effective penetration of corporate culture to management and employees at all levels, enhancing collective value alignment, and ensuring comprehensive and smooth information flow and communication.

#### **6.5 Further Strengthening of Internal Supervision**

The Group's internal audit department adopts a risk-oriented approach, aligning with regulatory requirements such as the insurance industry's "C-ROSS" Phase II and Risk-Based Capital (RBC) standards. It continuously enhances audit supervision over key areas, promotes the application of audit findings, timely identifies and warns of risks, strengthens the supervision and evaluation of corrective actions, and constantly improves the audit operations system to effectively fulfill its role as the third line of defense in risk prevention and control. Additionally, the Company strengthens accountability for key issues, conducts training on systems related to non-compliance accountability, and further reinforces internal compliance management.

## **RISK MANAGEMENT** *(Continued)*

### **VI. Internal Control Implementation** *(Continued)*

#### **6.6 Internal Control Assessment**

During the Year, pursuant to the Listing Rules, the “Basic Standards for Enterprise Internal Control” and the supplementary guidelines jointly promulgated by the five ministries, including the Ministry of Finance of the PRC, and the relevant regulatory provisions issued by NFRA, the Group analysed and identified internal control defects from five aspects: control environment, risk identification and assessment, control activities, information and communication, and internal supervision. As a result, an annual comprehensive assessment was made to the internal control system, its implementation and operation results of the Group and the relevant conclusions were formed.

The results of this internal control evaluation indicate that the Group’s internal control system is sound, reasonable, and effective. A robust internal control organisational structure, management system, and risk management system have been established. The Group is capable of adjusting control measures in response to changes in internal and external environments, continuously optimising business control processes, improving risk control systems, enhancing information system controls, and strengthening internal control supervision. These efforts provide strong safeguards for achieving internal control objectives across organisational, personnel, institutional, procedural, and execution dimensions.

Moving forward, the Company will address the identified internal control deficiencies based on the evaluation results, implement ongoing rectification measures, and conduct dynamic tracking and effectiveness review of the implementation of these corrective actions.

#### **6.7 Whistleblowing Policy**

The Company is committed in maintaining good corporate governance, corporate responsibility and high transparency. Accordingly, it has established a whistleblowing policy aimed at encouraging and expecting all Directors, employees at all levels of the Group, and individuals who have dealings with the Group to report any misconduct, fraud, or irregularities (including discrimination and harassment) within the Group, and providing guidance on non-anonymous or anonymous reporting to the Audit Committee.

#### **6.8 Anti-corruption Policy**

Integrity, honesty, fairness and impartiality are the core values of the Company that all Directors and employees at all levels of the Group must always uphold. The Company is committed to maintaining a high standard of business integrity, honesty and transparency in all its business transactions. To reinforce these principles, the Company has implemented an anti-corruption policy, which underscores the responsibilities of all Directors and employees in adhering to anti-corruption practices.

### **VII. Handling and Dissemination of Inside Information**

For the handling and disclosure of inside information, the Group has implemented various procedures and measures, including enhancing awareness of the importance of maintaining confidentiality of inside information within the Group, sharing information with designated individuals on a need-to-know basis, and strictly complying with the relevant Listing Rules, the SFO, and applicable guidelines.

## SHAREHOLDERS' RIGHTS

### *Convening of Extraordinary General Meeting on Requisition by Shareholders*

Shareholder(s) representing at least 5% of the total voting rights of all shareholders having a right to vote at general meeting of CTIH may request the Board to convene an extraordinary general meeting, pursuant to Section 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The objective of the meeting must be stated in the related requisition signed by the shareholders concerned and deposited at the registered office of the Company at 25/F., China Taiping Finance Centre, 18 King Wah Road, North Point, Hong Kong, for the attention of the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned.

### *Procedures for Putting Forward Proposals at Shareholders' Meetings by Shareholders*

To put forward a resolution in an annual general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 615 to 616 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). A copy of the requisition/request signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) needs to be deposited at the registered office of the Company.

Pursuant to Article 95 of the articles of association of the Company, no person other than a director retiring at the meeting (whether by rotation or otherwise) shall be appointed or reappointed a director at any general meeting unless:

- (a) he/she is recommended by the Board, or
- (b) during a period of not less than seven days commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date appointed for the meeting, there has been given to the Company Secretary notice in writing by some shareholder(s) (not being the person to be proposed) qualified to attend and vote at the meeting of his intention to propose that person for appointment or reappointment and also notice in writing signed by the person to be proposed of his willingness to be appointed or reappointed.

Detailed procedures for shareholders to propose a person for election as a Director can be found on the Company's website.

### *Procedures for Directing Shareholders' Enquiries to the Board*

Shareholders may send their enquiries and concerns in writing to the Company Secretary by addressing them to our Investor Relations team, the contact details of which are as follows:

Investor Relations  
China Taiping Insurance Holdings Company Limited  
25/F., China Taiping Finance Centre,  
18 King Wah Road,  
North Point,  
Hong Kong

Telephone: (852) 2854 6555  
Fax: (852) 2866 2262  
Email: [ir@cntaiping.com](mailto:ir@cntaiping.com)

The relevant team will forward the enquiries and concerns to the Board and/or relevant board committees of the Company, where appropriate, to answer the shareholders' questions and/or to meet the shareholders' concerns.

## **SHAREHOLDERS' RIGHTS** *(Continued)*

### **CONSTITUTIONAL DOCUMENTS**

There was no change to the Company's articles of association during the Year. A copy of the latest consolidated version of the Company's articles of association is posted on the website of the Company and the Stock Exchange.

### **INVESTOR RELATIONS, SHAREHOLDERS COMMUNICATIONS AND ENGAGEMENT**

The Company recognises the importance of communications with the shareholders of the Company and the investment community, and also recognises the value of providing current and relevant information on the Company to the shareholders and investors.

In 2025, the Company held 2 results conferences and 1 general meeting, to facilitate convenient and open interaction with all shareholders, with Directors (including INEDs), general manager and senior management participating in these activities. Furthermore, the investor relations team has held around 80 online and offline meetings with institutional investors and analysts in Hong Kong, Mainland of the PRC, and overseas through non-deal roadshows, investment banks strategy conferences and company visits. Through various activities above, investors and analysts can gain further insight on the development of the Group's strategic initiatives and operations, as well as corporate governance policies, receive feedback from our shareholders and investment community, improve communication effectiveness and facilitate value recognition. Other than that, the Company has also arranged an investor relations team to handle shareholders' constant inquiries and maintain communication via email and hotline etc.

Furthermore, the Company's corporate website, [www.ctih.entaiping.com](http://www.ctih.entaiping.com) and the HKEXnews website, publishes corporate information and other related financial and non-financial information (including its financial and operational performance, business plan and strategy, material developments, corporate governance and organisational structure etc), aimed at facilitating effective communications with the shareholders, investors and other stakeholders. The latest information of the Company, including annual and interim reports, environmental, social and governance (ESG) & corporate social responsibility report, announcements, circulars, press releases as well as constitutional documents etc, are also available on the website to provides clear and full information of the Group to shareholders.

In summary, the Company promotes effective communication and keep in touch with shareholders through different channels, and the strategy and investment committee believes that the shareholder communication policy was properly implemented and appropriate during the Year.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

YIN Zhaojun *Chairman*

LI Kedong *Vice Chairman & General Manager*

NA Yanfang

#### *Non-executive Directors*

HU Xingguo

ZHOU Lianggang

FENG Zhanwu

#### *Independent non-executive Directors*

LAW FAN Chiu Fun Fanny

LIU Yi

SHIU Sin Por

CAI Hongping

### AUDIT COMMITTEE

LIU Yi *Chairman*

HU Xingguo

LAW FAN Chiu Fun Fanny

SHIU Sin Por

CAI Hongping

### NOMINATION AND REMUNERATION COMMITTEE

SHIU Sin Por *Chairman*

NA Yanfang

LAW FAN Chiu Fun Fanny

### RISK MANAGEMENT COMMITTEE

CAI Hongping *Chairman*

LI Kedong

NA Yanfang

FENG Zhanwu

### STRATEGY AND INVESTMENT COMMITTEE

YIN Zhaojun *Chairman*

LI Kedong

NA Yanfang

HU Xingguo

ZHOU Lianggang

### COMPANY SECRETARY

ZHANG Ruohan

### AUTHORISED REPRESENTATIVES

YIN Zhaojun

ZHANG Ruohan

### REGISTERED OFFICE

25/F., China Taiping Finance Centre,  
18 King Wah Road,  
North Point, Hong Kong

Telephone: (852) 2854 6100

Facsimile: (852) 2544 5269

E-mail: mail@cntaiping.com

### REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services  
Limited

Shops 1712-16, 17/F, Hopewell Centre,  
183 Queen's Road East, Wan Chai,  
Hong Kong

### INDEPENDENT AUDITOR

KPMG

*(Certified Public Accountants and Registered  
Public Interest Entity Auditor)*

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Nanyang Commercial Bank, Ltd.

Agricultural Bank of China Limited Hong Kong  
Branch

### WEBSITE

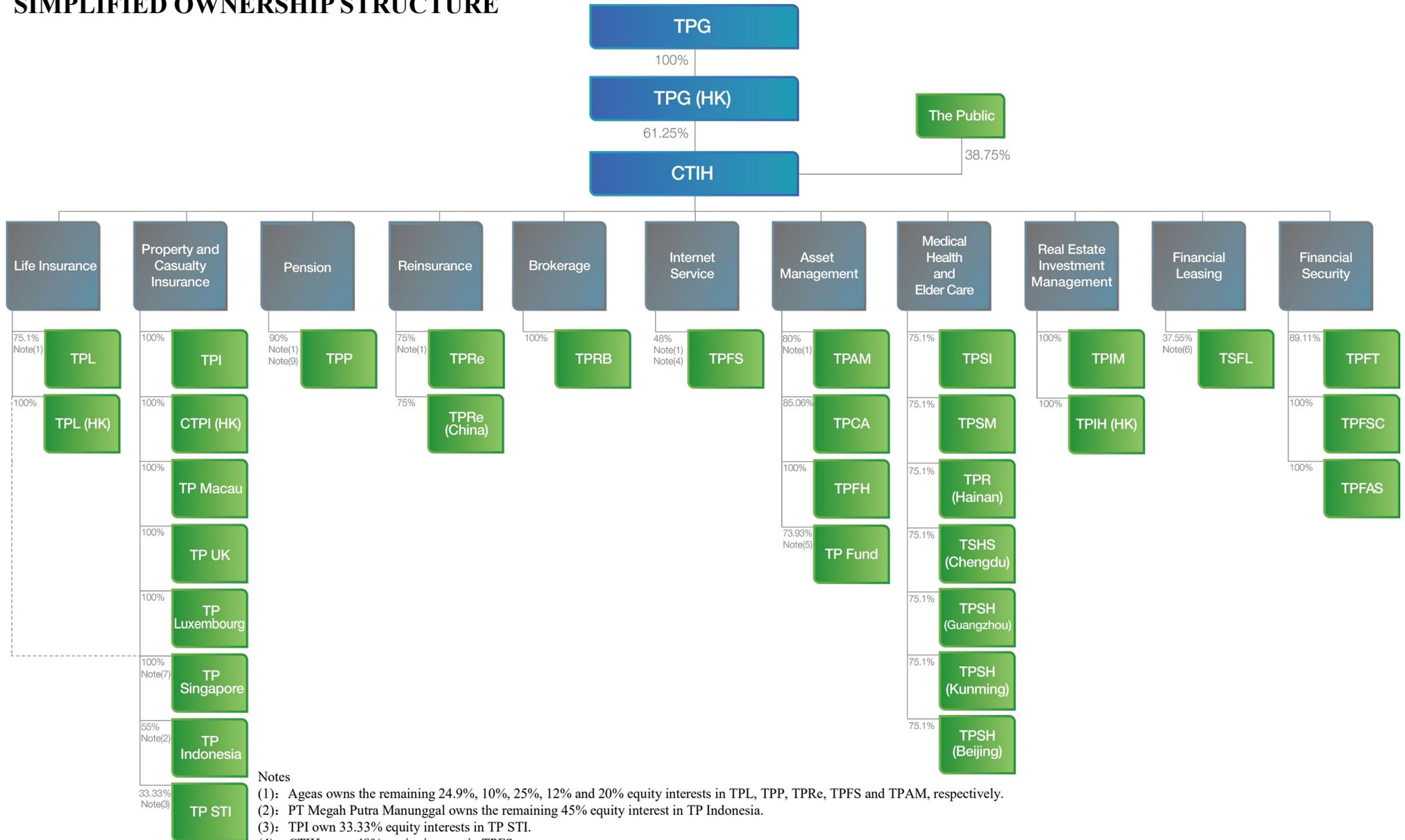
www.ctih.cntaiping.com

www.cntaiping.com

### STOCK MARKET LISTING

The Main Board of The Stock Exchange  
of Hong Kong Limited  
(Stock Code: HK 00966)

## SIMPLIFIED OWNERSHIP STRUCTURE



**Notes**

- (1): Ageas owns the remaining 24.9%, 10%, 25%, 12% and 20% equity interests in TPL, TPP, TPRe, TPFS and TPAM, respectively.
- (2): PT Megah Putra Manunggal owns the remaining 45% equity interest in TP Indonesia.
- (3): TPI own 33.33% equity interests in TP STI.
- (4): CTIH owns 48% equity interest in TPFS.
- (5): Ashmore Investment Management Limited owns 5.23% equity interests in TP Fund, TPAM owns 56.31% equity interests in TP Fund, TPL owns 38.46% equity interests in TP Fund.
- (6): Sinopec Group Company owns 50% equity interests in TSFL, while TPL owns the remaining 50%.
- (7): TP Singapore also has life insurance business license and was a comprehensive insurance company.
- (8): The ratios shown were effective interests. Except for notes (1) to (6), shares of the subsidiaries were held by the Company and/or its subsidiaries.
- (9): As at 31 December 2025, the industrial and commercial registration changes had not yet been completed.
- (10): The above structure was as at 31 December 2025.

## DEFINITIONS

*In the announcement, the following expressions shall have the following meanings unless the context requires otherwise:*

“Ageas”	Ageas Insurance International NV
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Code”	Corporate Governance Code as set out in Appendix C1 of the Listing Rules
“Company” or “CTIH”	China Taiping Insurance Holdings Company Limited
“C-ROSS”	China Risk Oriented Solvency System
“CSM”	Contractual service margin
“CTPI (HK)”	China Taiping Insurance (HK) Company Limited
“Director(s)”	The director(s) of the Company, including the independent non-executive directors
“Dragon Jade”	Dragon Jade Industrial District Management (Shenzhen) Co., Ltd.
“Easiwell”	Easiwell Limited
“ECL”	Expected credit loss
“FVOCI”	Fair value through other comprehensive income
“FVPL”	Fair value through profit or loss
“Group”	CTIH and its subsidiaries
“HIBOR”	Hong Kong Interbank Offer Rate
“HKAS”	Hong Kong Accounting Standard
“HKFRS”	Hong Kong Financial Reporting Standard
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HKSAR”	Hong Kong Special Administrative Region of the PRC
“Indonesia”	Republic of Indonesia
“Last Year”	The year ended 31 December 2024
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Luxembourg”	Grand Duchy of Luxembourg
“Macau”	Macau Special Administrative Region of the PRC
“Manhold”	Manhold Limited
“MPF scheme”	Mandatory Provident Fund Scheme
“NFRA”	National Financial Regulatory Administration
“PAA”	Premium allocation approach
“PRC” or “China”	The People’s Republic of China
“SFO”	Securities and Futures Ordinance
“Share(s)”	Share(s) in the capital of the Company
“Singapore”	Republic of Singapore
“Sinopec Group Company”	中國石油化工集團有限公司(China Petrochemical Corporation, being the unofficial English name)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiping Golden Win”	Taiping Golden Win Investment Limited
“the Year”	The year ended 31 December 2025
“TPAM”	Taiping Asset Management Company Limited
“TPCA”	Taiping Capital Asset Management Company Limited
“TPFAS”	Taiping Financial Audit Service (Shenzhen) Company Limited
“TPFH”	Taiping Financial Holdings Company Limited
“TPFS”	Taiping Financial Services Company Limited
“TPFSC”	Taiping Financial Operating Service (Shanghai) Co., Ltd.
“TPFT”	Taiping Financial Technology Service (Shanghai) Company Limited
“TPG”	China Taiping Insurance Group Ltd.
“TPG (HK)”	China Taiping Insurance Group (HK) Company Limited
“TPI”	Taiping General Insurance Company Limited
“TPIH (HK)”	Taiping Investment Holdings (HK) Company Limited
“TPIM”	Taiping Industry Investment Management Co., Ltd.

“TPL”	Taiping Life Insurance Company Limited
“TPL (HK)”	China Taiping Life Insurance (Hong Kong) Company Limited
“TPL (Macau)”	China Taiping Life Insurance (Macau) Company Limited
“TPP”	Taiping Pension Company Limited
“TPR (Hainan)”	Taiping Real Estate (Hainan) Co. Ltd.
“TPRB”	Taiping Reinsurance Brokers Limited
“TPRe”	Taiping Reinsurance Company Limited
“TPRe (China)”	Taiping Reinsurance (China) Company Limited
“TPSH (Beijing)”	太平健康養老（北京）有限公司（“Taiping Senior Healthcare (Beijing) Co., Ltd.”, being the unofficial English name)
“TPSH (Guangzhou)”	太平健康養老（廣州）有限公司（“Taiping Senior Healthcare (Guangzhou) Co., Ltd.”, being the unofficial English name)
“TPSH (Kunming)”	太平健康養老服務（昆明）有限公司（“Taiping Senior Healthcare Services (Kunming) Co., Ltd.”, being the unofficial English name)
“TPSI”	Taiping Senior Living Investments Company Limited
“TPSM”	Taiping Senior Living Management Company Limited
“TP Fund”	Taiping Fund Management Company Limited
“TP Indonesia”	PT China Taiping Insurance Indonesia
“TP Luxembourg”	China Taiping Insurance (LU) S.A.
“TP Macau”	China Taiping Insurance (Macau) Company Limited
“TP Singapore”	China Taiping Insurance (Singapore) PTE. Ltd.
“TP STI”	Taiping Science and Technology Insurance Co., Ltd.
“TP UK”	China Taiping Insurance (UK) Company Limited
“TSFL”	Taiping & Sinopec Financial Leasing Co. Ltd.
“TSHS (Chengdu)”	Taiping Senior Healthcare Services (Chengdu) Co., Ltd.
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”	United States of America

“HKD” or “HK\$”	Hong Kong dollars
“GBP”	British Pound
“IDR”	Indonesian Rupiah
“JPY”	Japanese Yen
“MOP”	Macau Pataca
“RMB”	Renminbi
“SGD”	Singaporean dollars
“USD”	United States dollars

By Order of the Board of  
**China Taiping Insurance Holdings Company Limited**  
**ZHANG Ruohan**  
*Company Secretary*

Hong Kong, 25 March 2026

*As at the date of this announcement, the Board comprises 10 directors, of which Mr. YIN Zhaojun, Mr. LI Kedong and Ms. NA Yanfang are executive directors, Mr. HU Xingguo, Mr. ZHOU Lianggang and Mr. FENG Zhanwu are non-executive directors, and Mrs. LAW FAN Chiu Fun Fanny, Ms. LIU Yi, Mr. SHIU Sin Por and Mr. CAI Hongping are independent non-executive directors.*