The unaudited financial information relating to the year ended 31 December 2025 and the financial information relating to the year ended 31 December 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 financial statements for the year ended 31 December 2025 have yet to be reported on by the Group's auditor and will be delivered to the Registrar of Companies in due course.

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.

The Group's auditor has reported on the consolidated financial statements for the year ended 31 December 2024. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

YF FINANCIAL

Yunfeng Financial Group Limited

雲鋒金融集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The Board of Directors of Yunfeng Financial Group Limited announces herewith the consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2025 as follows:

Corporate Information

Board of Directors

Chairman

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

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Qi Daqing
Mr. Chu Chung Yue, Howard
Mr. Xiao Feng
Mr. Liang Xinjun
(appointed on 5 September 2025)

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Authorised representatives

Mr. Huang Xin
Mr. Chan Man Ko

Company secretary

Mr. Chan Man Ko

Auditor

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

Corporate Information (continued)

Bankers

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

Registered and principal office

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

Share registrar

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

Website

www.yff.com

Stock code

376

Management Discussion and Analysis

Overview

During the 2025, despite persistent fluctuations in the global geopolitical and trade landscape, major global financial markets exhibited an upward trend amidst volatility, buoyed by the transition into an interest rate easing cycle and improved market liquidity. During the year under review, benefiting from the steady economic recovery in Mainland China and Hong Kong, the local securities market demonstrated a revitalized momentum, with both turnover and IPO fundraising volumes recording year-on-year growth. Concurrently, driven by robust demand for global asset allocation, the Hong Kong insurance business achieved strong growth in premium income. The wealth effect generated by the market recovery continues to propel Hong Kong's financial markets toward high-quality development.

During the year, the Group actively advanced its strategic transformation, ensuring steady business growth through strengthened execution and technological innovation. While consolidating our core insurance and securities businesses, the Group has fully embraced Web 3 and blockchain technologies, accelerating the launch of diversified innovative products to precisely meet market demands. Leveraged by prudent risk management and an efficient operational framework, the Group is committed to expanding revenue streams within a shifting environment and continuously enhancing its core competitiveness. Our goal is to deliver long-term sustainable value to our shareholders through exceptional operational performance.

The Group's main sources of revenue include life insurance premium income and other financial businesses including subscription fees and management fees for products launched by the Group, platform fees for distribution of third-parties products and brokerage commission income etc. There is no material change in the Group's core business activities compared to that of year 2024.

For the Year, the Group's insurance revenue amounted to HK$3,076 million, representing an increase of 9.9% compared to that of HK$2,799 million for year 2024. The Group's consolidated profit amounted to HK$1,079 million, representing an increase of 39% compared to that of HK$778 million for the year 2024. The net profit attributable to equity shareholders of the Company amounted to HK$653 million, representing an increase of 39% compared to that of HK$471 million for the year 2024. The increase in net profit attributable to equity shareholders of the Company for the Year was mainly due to the benefit of the improvement of the Group's overall operating performance, including the increased business scale of YF Life, improvement of YF Life's claims experience and effective expense control.

Consolidated Financial Results Review

The financial highlights of the Group were as follows:

Consolidated financial result analysis

For the year ended 31 December, HK$ million

Income	*2025*	*2024*	*Change %*
Net operating income	1,354	1,134	19
Net profit attributable to the owners	653	471	39
Basic earnings per share (HK$) (Note 1)	0.17	0.12	37
Final dividend proposed per share	-	-	N/A

At 31 December, HK$ million

	2025	*2024*	*Change %*
Total assets	111,099	96,042	16
Total comprehensive equity (Note 2)	28,003	23,913	17
Owner’s comprehensive equity (Note 3)	19,343	16,168	20
Owner’s comprehensive equity per share (HK$) (Note 4)	4.77	4.18	14
Group embedded value equity (Note 5)	24,185	21,166	14
Owner’s group embedded value equity (Note 6)	16,660	14,232	17
Owner’s group embedded value equity per share (HK$) (Note 4)	4.10	3.68	12

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

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

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

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

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

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

Analysis on profit for the year, HK$ million

	2025	*2024*	*Change %*
YF Life segment net operating income	1,385	1,167	19
Other financial services and corporate segment operating loss	(31)	(33)	(6)
Net operating income	1,354	1,134	19
Adjust for the following profit or loss and expenses impact:			
- Short-term fluctuations in investment returns, exchange fluctuation and discount rate related to insurance business	(28)	(278)	(90)
- Investment return related to other financial service business	(133)	-	N/A
- Finance costs (Note 2)	(153)	(208)	(26)
- Other items (Note 3)	3	82	(96)
- Consolidation adjustments (Note 4)	36	48	(25)
Profit for the year	1,079	778	39
Less: non-controlling interests	(426)	(307)	39
Net profit attributable to the owners	653	471	39

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

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

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

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

Changes in total comprehensive equity

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

HK$ million	*2025*	*2024*
Balance at 1 January	23,913	23,629
Issue of subscription shares	1,167	-
Profit for the year	1,079	778
Foreign exchange reserve and tax	46	(24)
Net fair value reserve and other movement (Note 1)	1,889	(470)
Dividend paid to non-controlling interest of a subsidiary	(91)	-
Balance at 31 December	28,003	23,913
Attributable to:		
- equity shareholders of the Company	19,343	16,168
- non-controlling interests	8,660	7,745
Total comprehensive equity	28,003	23,913

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

Insurance Business Review

To facilitate a more thorough and comprehensive review of the insurance business, YF Life, management considers the full year operation and financial data excluding fair value accounting adjustments made on YF Life acquisition and intragroup transaction elimination with other business segment of the Group is able to provide reader with more relevant information on the business performance of the insurance business segment operating results.

Overview

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

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

As of 31 December 2025, the tied agency force consisted of approximately 2,786 (2024: 2,979) agents in Hong Kong and Macao. In addition to the tied agency force, we also utilise brokers and agency intermediaries as well as banks and other financial institutions to distribute insurance products. The insurance business division has approximately 551 (2024: 545) employees and more than 540,000 (2024: 537,000) in-force individual policies.

During the year 2025, we continued to develop and grow our tied agency to increase penetration in market while also seeking to expand our brokerage and agency intermediary distribution channel. For our bancassurance distribution channel, while reinforcing our existing partnership relationships with banks, we launched a new partnership and explored opportunities with various fintech companies to tap into the online customer segment.

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

Non HKFRS supplementary financial information

Total Premium and Fee Income

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

	For the year ended 31 December		%
	2025	*2024*	
	HK$ million	HK$ million	
Total premium and fee income	16,427	12,383	33

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

Business Volume

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

i) By geographical region

	For the year ended 31 December			
	2025		*2024*	
	HK$ million	%	HK$ million	%
Hong Kong	12,983	79	9,343	75
Macao	3,444	21	3,040	25
	16,427	100	12,383	100

(ii) By distribution channel

	For the year ended 31 December					
		2025 HK$ million			*2024* HK$ million	
	Hong Kong	*Macao*	*Total*	*Hong Kong*	*Macao*	*Total*
Tied agency	4,993	1,440	6,433	4,718	1,300	6,018
Brokers and non-tied agency	7,337	1,340	8,677	4,012	1,436	5,448
Banks and other financial institutions	653	664	1,317	613	304	917
	12,983	3,444	16,427	9,343	3,040	12,383

(iii) By product type

	For the year ended 31 December					
		2025 HK$ million			*2024* HK$ million	
	Hong Kong	*Macao*	*Total*	*Hong Kong*	*Macao*	*Total*
Regular premium - First year	4,408	760	5,168	2,283	229	2,512
Regular premium - Renewal	8,240	2,632	10,872	6,682	2,768	9,450
Single premium	331	47	378	374	39	413
Fee income	4	5	9	4	4	8
	12,983	3,444	16,427	9,343	3,040	12,383

Embedded Value and Value of New Business

The Embedded Value method is a commonly adopted alternative method of measuring the value and profitability of a life insurance company. Embedded Value is an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. Value of New Business represents an actuarially determined estimate of the economic value arising from new life insurance business issued in the relevant 12-month period.

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

The embedded value of the insurance business as at 31 December 2025 is HK$23,047 million (31 December 2024: HK$21,089 million) with breakdown as below.

HK$ million

	31 December 2025	*31 December 2024*	*Change %*
Adjusted Net Worth (“ANW”) (Note 1)	17,972	16,939	6
Value of in-force (“VIF”) business after CoC (Note 2)	5,075	4,150	22
Embedded value	23,047	21,089	9

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

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

Embedded Value and Value of New Business *(Continued)*

The value of new business ("VNB") of the insurance business for the year ended 31 December 2025 is HK$1,548 million, significantly increased by 126% compared to HK$685 million as of last year.

VNB

	31 December 2025	*31 December 2024*	*Change %*
Tied agency	419	341	23
Brokers and non-tied agency	1,053	280	3 times
Banks and other financial institutions	76	64	18
	1,548	685	1 time

The annual premium equivalent ("APE") (Note) for the year ended 31 December 2025 amounted to HK$5,705 million, representing a 108% growth compared to HK$2,736 million in 2024.

APE

	31 December 2025	*31 December 2024*	*Change %*
Tied agency	1,064	871	22
Brokers and non-tied agency	4,044	1,759	1 time
Banks and other financial institutions	597	107	4 times
	5,705	2,736	1 time

During 2025, the increase in VNB of the three channels are primarily driven by higher APE. In particular, in terms of sales effort, the agency channel recorded a 39% increase in average productivity, 34% increase in average premium size, 19% of new recruits and achieved seventh in ranking of MDRT for Hong Kong market. On the other hand, in terms of achieving service excellence, broker channel is able to maintain an above 98% 25-month persistency rate of insurance policies.

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

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

Key Financial Data of Insurance Business Segment

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

	2025 HK$ million	*2024* HK$ million	*Change %*
Insurance revenue *(Note a)*	3,076	2,801	10
Insurance service expenses *(Note b)*	(2,347)	(2,108)	11
Net income/(expenses) from reinsurance contracts	81	(59)	N/A
Insurance service result *(Note c)*	810	634	28
Investment return	6,123	3,706	65
Net finance expenses from insurance contracts *(Note d)*	(5,280)	(3,098)	70
Net finance income from reinsurance contracts *(Note d)*	296	247	20
Movement in investment contract liabilities	(231)	(203)	14
Net financial result	908	652	39
Revenue from investment management services and other income	67	101	(34)
Other operating expenses *(Note e)*	(242)	(289)	(16)
Profit before taxation	1,543	1,098	41
Taxation	(167)	(126)	33
Profit after taxation	1,376	972	42

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

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

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

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

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

Net Operating Income

For management decision making and internal performance management purpose, the Group refers to the net operating income ("NOI") representing profit generate from core business activities for the Year increase by 19% to HK$1,385 million.

	2025 HK$ million	*2024* HK$ million	*Change %*
Insurance service result (Note 1)	772	567	36
Investment result (Note 2)	985	886	11
Others (Note 3)	(372)	(286)	30
Net operating income	1,385	1,167	19
Adjust for the following income and expenses impact:			
- Short-term fluctuations in investment returns, exchange fluctuation and discount rate (Note 4)	(21)	(278)	(92)
- Other transactions (Note 5)	12	83	(86)
Profit for the year	1,376	972	42

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

	2025 HK$ million	*2024* HK$ million	*Change %*
Net CSM release	739	646	14
Impact of variances and risk adjustment net of reinsurance result	33	(79)	N/A
Insurance service result	772	567	36

Net Operating Income (continued)

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

	2025 HK$ million	*2024* HK$ million	*Change %*
Interest income and others	3,200	2,985	7
Investment return for equities	280	247	13
Insurance finance expenses and others	(2,495)	(2,346)	6
Investment result	985	886	11

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

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

* The annualised fixed income yield is calculated as interest income divided by the average amount of debt securities and loans and receivables (excluding principal protected notes) for the year ended 31 December.

\# The annualised total investment return is calculated as interest income and others and investment return for equities, divided by the average amount of total assets under investment management for the year ended 31 December.

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

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

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

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

Assets and Liabilities

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

	As at 31 December 2025 HK$ million	*As at 31 December 2024* HK$ million
Investments (excluding unit-linked investments)	84,792	72,031
Unit-linked investments	6,362	5,663
Investments in associates	74	-
Cash and deposits	5,621	4,895
Reinsurance contract assets	7,482	6,791
Other assets	2,825	2,684
Total assets	107,156	92,064
Insurance contract liabilities	82,629	69,618
Investment contract liabilities	5,157	5,096
Other liabilities	2,081	1,512
Total liabilities	89,867	76,226
Net assets	17,289	15,838
Net CSM	9,782	8,219
Comprehensive equity	27,071	24,057

As at 31 December 2025, the investments and cash and deposits amounted to HK$90,413 million (2024: HK$76,926 million) comprised of 78% debt securities, 5% loans and receivables, 11% equity securities (7% is from direct participating contracts) and 6% cash and deposits. Debt securities and loans and receivables are considered fixed income type of investment, representing 83% of the total investments and cash and deposits. Within the fixed income portfolio (excluding principal protected notes and asset-backed hybrid facility/investment agreement), 97% (2024: 97%) are investment grade rated (i.e. BBB- or above), comprised of 6% is rated AAA, 20% rated AA, 45% rated A, 26% rated BBB, the remaining 3% of investments rated BB & below. The above credit ratings are referenced to public credit ratings from reputable credit rating agencies or internal rating analysis with the support from external investment manager using similar credit rating methodology.

As at 31 December 2025, the total assets under management ("AUM") of insurance business including those managed through non-consolidated entities like MPF schemes amounted to HK$102,951 million (31 December 2024: HK$88,379 million).

Investment analysis

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

By geography

Rank	Geography *(Note 1)*	% of Total
1	United States	78.2%
2	China, Hong Kong and Macao	4.3%
3	Australia	2.2%
4	Chile	2.0%
5	Canada	2.0%
6	Indonesia	1.0%
7	Mexico	0.9%
8	Saudi Arabia	0.8%
9	Netherlands	0.8%
10	Japan	0.8%
11	France	0.8%
12	United Kingdom	0.5%
13	Switzerland	0.4%
14	Thailand	0.4%
15	Diversified (*Note 2*)	2.4%
16	Others (*Note 3*)	2.7%
	Total (*Note 5*)	100%

By sector

Rank	Sector *(Note 1)*	% of Total
1	Electric	13.5%
2	Consumer Non-Cyclical	13.0%
3	Energy	8.8%
4	Insurance	7.0%
5	Technology	6.6%
6	Consumer Cyclical	5.0%
7	Commercial Mortgage	4.6%
8	Banking	4.4%
9	Capital Goods	4.1%
10	Basic Industry	4.1%
11	REITs	4.1%
12	Treasuries	4.1%
13	Transportation	3.9%
14	Communications	3.6%
15	Government Owned No Guarantee	3.6%
16	Brokerage/Asset Managers/Exchange	2.8%
17	Natural Gas	1.5%
18	Non-Agency CMBS	1.0%
19	Others (*Note 4*)	4.2%
	Total (*Note 5*)	100%

Notes:

1 Unit-linked investments are excluded. By geography, exposures include fixed income portfolio and equities (excluding exchange traded funds). By industry sector, exposures include fixed income portfolio (excluding principal protected notes) only.

2 Diversified' includes alternative fund exposures.

3 Others represent 22 countries/regions.

4 Others represent total of 12 industries.

5 Due to rounding, numbers presented in the table may not add up precisely.

Investment Assets

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

	As at 31 December	
	2025	*2024*
	HK$ million	HK$ million
General investment and surplus assets		
Debt securities	67,775	62,834
Loans and receivables	3,985	4,317
Equity securities	3,275	2,590
Cash for investment	2,948	1,948
	77,983	71,689
Direct participating contracts		
Debt securities	7,544	4,413
Loans and receivables	330	-
Equity securities	6,398	3,366
Cash for investment	357	859
	14,629	8,638
Unit-linked investments		
Equity securities	6,362	5,663
	98,974	85,990

Insurance Contract Liabilities and Reinsurance Contract Assets

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

	As at 31 December 2025 HK$ million	*%*	*As at 31 December 2024* HK$ million	*%*
Fulfilment cashflow	65,365	87	54,608	87
Net CSM	9,782	13	8,219	13
Net balance	75,147	100	62,827	100
Comprised of:				
Insurance contract liabilities	82,629		69,618	
Reinsurance contract assets	(7,482)		(6,791)	
	75,147		62,827	

The table below sets forth the net CSM roll forward which provides information on the economic impact of changes during the year to understand the performance of our business in terms of future profitability and contribution to current year financial performance to align with NOI performance management purpose. The net CSM has grown by 19% from HK$8,219 million as of 31 December 2024 to HK$9,782 million due to new business generated and more favorable experiences.

	Notes	*2025* HK$ million	*2024* HK$ million
CSM Value as at 1 January		8,219	7,224
New business CSM	a	1,821	732
Expected return on in-force	b	188	183
Economic variances	c	(20)	48
Experience variances	d	314	727
Exchange rate impact		(1)	(49)
CSM release	e	(739)	(646)
CSM Value as at 31 December		9,782	8,219

Insurance Contract Liabilities and Reinsurance Contract Assets (continued)

Notes:

a) It represents the effect of new contracts brought to CSM for the year.

b) It represents the effect of interest accreted on CSM which is measured at the discount rate at initial recognition for insurance contract portfolio applying the general measurement model.

c) It represents the impact of economic variance and assumption change. Economic variance and assumption change mainly related to financial related adjustment including underlying market price change.

d) It represents the effect of experience adjustments from 1) arising from premiums received in the period, including any related cash flows such as insurance acquisition cash flows that relate to future service, 2) changes in estimates of the present value of future cashflow of liabilities of remaining coverage, 3) difference between any investment component expected to become payable and the actual amount becomes payable in the period, 4) change of risk adjustment for non-financial risk that related to the future service.

e) The release of net CSM is based on coverage units, a function of quantity of benefit provided and expected coverage period, provided for the period of the group of contracts. The CSM release rate throughout 2025 remains stable compared with 2024.

Comprehensive Equity Movement

The table below sets forth the movement in comprehensive equity which is the total of net assets and net CSM. Comprehensive equity represents the aggregate value of historical profit and future profitability from in-force business net of cumulative returns to shareholders. The comprehensive equity has grown by 13% from HK$24,057 million as of 31 December 2024 to HK$27,071 million due to strong new business generated and more favorable experiences.

	2025 HK$ million	*2024* HK$ million
Balance as at 1 January	24,057	23,568
Net profit for the year	1,376	972
Foreign exchange reserve and tax	35	(16)
Net fair value reserve and other movement (Note 1)	1,903	(467)
Dividend repatriation	(300)	-
Balance as at 31 December	27,071	24,057

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

Key Operational Data of the Insurance Division

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

	As at 31 December	
	2025	*2024*
Number of employees		
- Hong Kong	498	508
- Macao	41	37
- PRC	12	-
Number of tied agents		
- Hong Kong	2,062	2,155
- Macao	724	824
Number of brokers and non-tied agents	526	518
Number of bancassurance partners	7	7
MDRT qualifiers (Note 1)	313	243
Expenses ratio (Note 2)	7.2%	8.5%

Notes:

1. Million Dollar Round Table ("MDRT") is a global professional association of life insurance and financial services professionals that recognises significant sales achievements and high service standards.

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

Financial Strength and Solvency Margin

During the year ended 31 December 2025, our insurance business has strictly adhered to the regulatory minimum capital requirement as determined at the relevant time in accordance with the Insurance Ordinance ("IO") and maintain sufficient available capital for operation purpose.

The solvency ratio of YF Life as at 31 December 2025 is assessed and calculated to be around 220% (unaudited), which is higher than the regulatory minimum solvency ratio requirement of 100%.

Other Businesses Review

In 2025, the Group announced its strategic entry into Web 3 and entered the "High-Efficiency Execution" Phase for its strategy. During the year, the Group has completed comprehensive functional uplifts of its Securities Licenses (Types 1, 4, and 9) related to virtual asset services and simultaneously launched a new iteration of the Yunfeng Youyu trading app, laying a systemic foundation for the next stage of business expansion and enhanced customer service capabilities. The Group will leverage on the results of its virtual asset license uplift to research and launch compliant investment services including digital asset allocation, promoting the synergistic development of brokerage, asset management, and virtual asset businesses. The Group will continue to optimize the Yunfeng Youyu app platform, improving the user experience and trading activity. Through refined operations, it will enhance user activity and retention rates, actively seizing structured trading opportunities during market liquidity recovery to drive revenue stabilization and recovery. At the same time, the Group will strengthen the synergy and collaboration among its business lines, and, on the premise of continuous improvement of its compliance and risk control system, promote the integration of resources between other financial services and insurance businesses to further enhance its overall performance in alignment with the Group's insurance strategy.

Prospects

Looking ahead, the Group will leverage its solid insurance and financial technology foundation, building on YF Life’s 50-year legacy in Hong Kong and the innovative “Invesurance” brand concept to protect and grow customer interests through a diversified product suite for both local and Mainland Chinese Visitor (MCV) segments.

Meanwhile, based on its solid foundation from the Web 2 era, as well as the profound resources of the Yunfeng financial ecosystem, the Group will fully embrace and integrate Web 3 blockchain technology. Driven by data, AI, and blockchain technology as core engines, the Group will architect the next generation of digital financial infrastructure and create an advanced Web 3 financial services ecosystem for clients, thus steadfastly advancing toward its vision of “Everything on Chain, Connecting Globally”.

Liquidity and Financial Resources

As at 31 December 2025, the Group had fixed bank deposits with original maturity over 3 months and cash and cash equivalents amounting to HK$6,896 million (2024: HK$5,603 million). As at 31 December 2025, the Group has HK$784 million (2024: HK$1,385 million) bank borrowing outstanding and HK$1,641 million (2024: HK$1,641 million) shareholder’s loan outstanding. The Group’s gearing ratio as at 31 December 2025 is 11.75% (2024: 16.16%), which was measured as total debt excluding those operation related liabilities to total debt excluding those operation related liabilities plus equity.

Capital Structure

Details of movements in share capital of the Company during the year are set out in Note 36(e) to the consolidated financial statements.

Risk Factors

In 2025, the Group carried out timely and complete identification and evaluation to manage the key risks. The identified risks are being monitored according to the risk appetite and the related regulation by the board of directors and also the related committees assisting the board.

(i) Strategic Risk

Management recognised the importance of incorporating insurance business with the financial service ecosystem of the Group. On the other hand, management is keen on enhancing the business process and integration with financial technology to create values to all customers of the Group. The overall enhancement and integration process creates uncertainties and increase degree of difficulties on related risk management requirement. Management proactively devotes sufficient resources to support and enhance the ongoing process.

(ii) Insurance Risk

Management considers insurance risk mainly comprised:

Product design risk - potential defects in the development of a particular insurance product. To mitigate the risk, each of the new products is required to go through pre-launch reviews by various departments, including product development, actuarial, legal and underwriting to ensure the risk being aligned with the Group's risk appetite.

Lapse risk - the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced as well as financial loss due to early termination of policies or contracts where the acquisition cost incurred may not be recoverable from future revenue. Management carries out regular studies of persistency experience which will be assimilated into new and in-force management and build in measures including surrender charges to manage the financial impact upon early termination by policyholders.

Pricing or underwriting risk - the possibility of product related income being inadequate to support future obligations arising from a product. Further details related to this risk and the related mitigation and monitoring measures is set out in Note 4 "Insurance and financial risk management" to the consolidated financial statements.

Claim risk - the possibility that the frequency or severity of claims arising from insurance products exceed the levels assumed when the product was priced. Further details related to this risk and the related mitigation and monitoring measures are set out in Note 4 "Insurance and financial risk management" to the consolidated financial statements.

Risk Factors (continued)

(iii) Market Risk, Credit Risk, Foreign Exchange Risk and Liquidity Risk

The details of the market risk, credit risk, foreign exchange risk and liquidity risk identified and their related mitigation and monitoring measures are detailed in Note 4 "Insurance and financial risk management" to the consolidated financial statements.

(iv) Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, personnel and systems or from external events. The Group manages the risk primarily through risk and control self-assessment and reviews losses and fraud issues and provides guidance, training and assistance to relevant personnel for ongoing risk management purpose.

Risk and management control

Detailed risk and management control is set out in corporate governance report section in this announcement.

Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any material acquisitions and disposals of subsidiaries and associates during the year ended 31 December 2025.

Charges on Assets

At the year ended 31 December 2025, the Group did not have any charges on assets, other than security deposits of HK$10,251,000 (2024: HK$22,415,000) for banking facilities, HK$Nil (2024: HK$381,305,000) of investment pledged to a broker for securities margin trading and HK$20,502,341,000 (2024: HK$20,188,874,000) of investment together with HK$1,019,581,000 (2024: HK$965,904,000) of fixed bank deposit in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

Commitments

Details of commitments are set out in Note 39 to the consolidated financial statements.

Segment Information

Details of segments are set out in Note 16 to the consolidated financial statements.

Contingent Liabilities

Details of contingent liabilities are set out in Note 44 to the consolidated financial statements.

Staffing and Remunerations

As at 31 December 2025, the Group employed 637 (2024: 626) full time employees, 546 (2024: 552) of which were located in Hong Kong, 41 (2024: 37) in Macao and 50 (2024: 37) in the People's Republic of China. The remuneration of employees includes salary retention package and discretionary bonus. The Group also adopted share option and share award schemes to provide an incentive to the employees.

The remuneration policy and package, including the share option and share awards, of the Group's employees are maintained at market level and reviewed annually by the management.

Use of Net Proceeds from Subscription Shares

Subscription agreement dated 7 September 2020

The unutilised proceeds of HK$511.5 million up to 31 December 2024 from the share subscription agreement dated 7 September 2020 have been fully utilised during the year for working capital and principal investment purposes. Such usage is in accordance with the intended use as set out under the section "Use of Proceeds" of the Company's circular dated 21 September 2020, the subsequent update in use of proceeds as set out in the announcements of the Company dated 12 November 2021 and 21 June 2024 and the interim report of the Company dated 28 August 2025.

Placing and subscription agreement dated 16 September 2025

For the proceeds from subscription shares have been utilised subsequent to the subscription as set out under the section "Use of Proceeds" of the Company's announcement dated 16 September 2025, the table below sets out the actual application of net proceeds of usage up to 31 December 2025:

	Use of proceeds HK$ million	*Actual usage from 23 Sep 2025 to 31 December 2025* HK$ million	*Unutilised proceeds up to 31 December 2025* HK$ million	*Expected timeline for utilising the remaining net proceeds*
Virtual assets related business (Note 1)	807.0	(7.4)	799.6	Expected to be fully utilised on or before 31 December 2028
General working capital (Note 2)	345.8	(45.2)	300.6	Expected to be fully utilised on or before 31 December 2028
Total	1,152.8	(52.6)	1,100.2	

Use of Net Proceeds from Subscription Shares (continued)

Notes:

1. mainly utilised on expenditure on system facility upgrades, recruitment of talents and related capital funding requirements including but not limited to the launching of comprehensive virtual asset trading services and virtual assets related investment management services.

2. mainly utilised on general working capital which covers expenses incurred in the ordinary course of business of the Group, including but not limited to manpower, rental expenses, data license and network expenses and office equipment expenses.

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

Event after the Reporting Period

Details of event after the reporting period are set out in Note 45 to the consolidated financial statements.

Embedded Value

The Group has appointed PricewaterhouseCoopers Consultants (Shenzhen) Limited, a firm of consulting actuaries, to examine whether the methodology and assumptions used by us in the preparation of the Embedded Value as at 31 December 2025 are consistent with standards generally adopted by insurance companies in Hong Kong.

1. Background

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

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

2. Definition

EV is a measure of value of shareholders' interests in the earnings distributable ("distributable earnings") from assets allocated to the in-force business after sufficient allowance for the aggregate risks in the business.

The EV equals to:

- Adjusted Net Worth ("ANW"), plus
- Value of the in-force business before cost of capital ("VIF before CoC"), minus
- Cost of Capital ("CoC")

The ANW represents the market value of assets in excess of the assets backing the policy reserves and other liabilities.

The VIF before CoC is the present value of future estimated after-tax statutory profits from in-force business, discounted at the risk discount rate as at 31 December 2025. Cost of Capital is the difference between the amount of required capital as at 31 December 2025 and the present value of future releases, allowing for future after-tax investment earnings on the capital.

Similarly, the new business value is calculated as the difference of new business value before CoC and CoC arising from new business sales in the period. The new business value before CoC is the present value, discounted at issue date, of future estimated after-tax statutory profits emerging from new business sales in the past 12 months, i.e. 1 January 2025 to 31 December 2025.

3. Basis of preparation

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

In determining the value of in-force business, our insurance segment's in-force policy databases as at 31 December 2025 were used. New business volumes and mix were based on the actual business written by our insurance segment in the 12-month period from 1 January 2025 to 31 December 2025.

It should be noted that, in assessing the total value of a life insurance company, the value attributed to future new business can be determined as the product of the one-year new business value and a multiple which reflects an allowance for future new business sales and the risks associated with it at the assumed profit margin.

4. Cautionary statement

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

5. Group embedded value and group embedded value equity

	31 December 2025 HK$ million	*31 December 2024* HK$ million
Adjusted Net Worth	17,003	15,141
Value of in-force business before cost of capital	8,089	6,861
Cost of capital	(3,014)	(2,711)
Group EV	22,078	19,291
Goodwill and intangible assets, net of relevant tax	2,107	1,875
Group EV Equity	24,185	21,166
Attributable to:		
Owners of the Company	16,660	14,232
Non-controlling interests	7,525	6,934
Group EV Equity	24,185	21,166

6. Embedded value of YF Life

6.1 Embedded value

	31 December 2025 HK$ million	*31 December 2024* HK$ million
Adjusted Net Worth	17,972	16,939
Value of in-force business before cost of capital	8,089	6,861
Cost of capital	(3,014)	(2,711)
Embedded value	23,047	21,089
Attributable to:		
Owners of the Company	16,087	14,720
Non-controlling interests	6,960	6,369
Embedded value	23,047	21,089

6.2 New Business value

	For the past 12 months as of 31 December 2025 HK$ million	*For the past 12 months as of 31 December 2024* HK$ million
New Business Value before cost of capital	1,727	833
Cost of capital	(179)	(148)
New Business Value after cost of capital	1,548	685

6.3 Movement analysis of embedded value

	Notes	*2025* HK$ million	*2024* HK$ million
Embedded Value as at 1 January		21,089	20,718
Impact of HKRBC adoption	a	-	93
New business value	b	1,548	685
Expected return on Embedded value	c	1,638	1,584
Non-economic assumption and model changes	d	(685)	(321)
Economic assumption changes and investment return variance	e	39	(1,151)
Dividend	f	(300)	-
Other experience variance and exchange rate impact	g	(282)	(519)
Embedded Value as at 31 December		23,047	21,089

Note:

a) Impact of HKRBC adoption on the Embedded Value, as at 1 July 2024

b) New business contribution from sales of new business in the past one-year

c) Return on value of in-force business plus expected interest on Adjusted Net Worth

d) Impact of non-economic assumption and model changes on the future distributable earnings of the in-force business

e) Impact of economic assumption changes on the future distributable earnings of the in-force business and differences between the actual investment returns and expected investment returns

f) Dividends to shareholders

g) Differences between the actual experience and expected experience for mortality, morbidity, lapses, and expenses

6.4 *Key assumptions*

Our policies state that it adopts a best estimate approach in setting the assumptions which are used in the calculation of its Embedded Value and New Business Value. The assumptions were based on the actual experience of YF Life and certain industry experience.

The basis and assumptions used in the calculations are summarised below. These assumptions have been made on a "going concern" basis.

Risk discount rate

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

We use risk discount rate of 8.75% for 31 December 2025 and 31 December 2024 as the base scenario assumption for both in-force and new business.

Investment returns

Future investment returns have been set in accordance with current market condition and long-term expected return, having regard to market yield, the forward rate yields available on US government bonds, credit spreads that reflects the risk of default and equity return of underlying assets.

Credit rate

The crediting rates for universal life business have been set to reflect regulatory and contractual requirements, policyholders' reasonable expectations and earn rate assumptions. The crediting rates were worked out as earn rate less crediting rate spread.

Mortality

The mortality assumption is based on both emerging experience and industry experience, reflecting its expectation of how experience will emerge.

The experience mortality rates have been set as a percentage of HKA93 mortality table with an adjustment of increased mortality at older ages ("Adj. HKA93"). There were also adjustment factor for non-smoker and smoker.

Morbidity

Morbidity rate assumptions have been set as a percentage of the reinsurance rates due to the lack of credible claims experience.

Lapse

The lapse assumptions were based on YF Life's experience and adjusted to reflect the results of its recent experience. The assumptions have been set with reference to pricing assumptions where credible experience data is not available.

The lapse assumptions vary by products and policy duration.

Operating expenses

Operating expenses have been projected based on unit expense assumption. Projected excess or saving of expense compared with unit expense assumption has not been included in VIF or new business value. The historical excess or saving of actual expense compared with unit expense assumption has been included in ANW component of EV.

Inflation rate

Future inflation rate was assumed to be 2% per annum for 2025. This assumption is based on expectations of long-term consumer price and salary inflation.

Taxation

A tax rate of 0.825% of net premium income for Hong Kong business and 12% of pre-tax statutory profit for Macao business has been assumed for 2025.

Required capital

Starting from 1 July 2024, the required capital was targeted at 100% of the Prescribed Capital Amount under the Hong Kong Risk-based Capital regime.

Prior to 1 July 2024, the required capital was targeted at 150% of the required minimum solvency margin under the Hong Kong Insurance Ordinance.

Statutory valuation

The distributable earnings are based on statutory reserve in accordance with the Hong Kong reserving regulations.

Starting from 1 July 2024, the statutory valuation basis under the Hong Kong Risk-based Capital regime is adopted.

In case statutory reserves of certain lines of business are insufficient to meet the value of future policyholder cash flows, the negative value of in-force business of these business lines would be eliminated by reducing the adjusted new worth.

Reinsurance

Reinsurance assumptions have been developed based on the reinsurance arrangements in force as at the valuation date and the recent historical and expected future experience.

6.5 *Sensitivity testing*

We performed sensitivity analysis on the embedded value and the new business value as at 31 December 2025, by independently varying certain assumptions regarding future experience. Specifically, the following changes in assumptions have been considered.

- Investment return increased by 50 basis points per annum
- Investment return decreased by 50 basis points per annum
- Risk discount rate increased by 50 basis points
- Risk discount rate decreased by 50 basis points
- 10% increase in lapse rate and skip premium rates (i.e. 110% of the central assumptions)
- 10% decrease in lapse rate and skip premium rates (i.e. 90% of the central assumptions)
- 10% increase in mortality and morbidity rates and loss ratios (i.e. 110% of the central assumptions)
- 10% decrease in mortality and morbidity rates and loss ratios (i.e. 90% of the central assumptions)
- 10% increase in acquisition and maintenance expenses (i.e. 110% of the central assumptions)
- 10% decrease in acquisition and maintenance expenses (i.e. 90% of the central assumptions)

For the year 2025 Assumptions	*Embedded value* HK$ million	*New business value after cost of capital* HK$ million
Base scenario	23,047	1,548
Investment return increased by 50 basis points per annum	23,642	1,635
Investment return decreased by 50 basis points per annum	22,495	1,470
Risk discount rate increased by 50 basis points	22,397	1,416
Risk discount rate decreased by 50 basis points	23,771	1,696
10% increase in lapse rate and skip premium rates	22,254	1,478
10% decrease in lapse rate and skip premium rates	23,938	1,624
10% increase in mortality and morbidity rates and loss ratios	21,981	1,518
10% decrease in mortality and morbidity rates and loss ratios	24,122	1,577
10% increase in acquisition and maintenance expenses	22,746	1,527
10% decrease in acquisition and maintenance expenses	23,360	1,569

Biographical Details of Directors and Senior Management

Chairman

Mr. Yu Feng, aged 62, was appointed as the Chairman and a non-executive Director and the chairman of the Nomination Committee in November 2015. Mr. Yu is the co-founder and the chairman of Yunfeng Capital, a private equity firm founded by Mr. Yu together with other entrepreneurs in 2010.

Mr. Yu is a director of YFHL, Key Imagination and Jade Passion. YFHL, Key Imagination and Jade Passion are substantial shareholders of the Company.

Mr. Yu obtained an EMBA degree from China Europe International Business School, the PRC in March 2001 and a master of arts degree in philosophy from Fudan University, the PRC in July 1991.

Executive Director

Mr. Huang Xin, aged 50, was appointed as an executive Director and a member of the Remuneration Committee in November 2015, and has been appointed as the interim chief executive officer of the Company on 18 October 2024. Mr. Huang is a partner and a member of the investment committee of Yunfeng Capital. Mr. Huang served as the vice president of Shanghai Kaituo Capital Limited from 2006 to 2010, and was the vice president of finance at Target Media Holdings Limited from 2005 to 2006. Mr. Huang worked at General Electric Company from 1997 to 2005.

Mr. Huang currently acts as a director of Jade Passion, a substantial shareholder of the Company. He served as a director of YTO Express Group Co., Ltd (stock code: 600233) which is listed on the Shanghai Stock Exchange until 13 October 2022.

Mr. Huang obtained a master of business administration degree from China Europe International Business School, the PRC in October 2011 and a bachelor's degree in accounting from Fudan University, the PRC in July 1997.

Non-Executive Directors

Mr. Michael James O'Connor, aged 57, was appointed as a non-executive Director in March 2020. Mr. O'Connor is the General Counsel of MMLIC, leading its legal, compliance, government relations, internal audit and corporate governance functions. MMLIC is a substantial shareholder of the Company. Mr. O'Connor is a member of MMLIC's Executive Leadership team. Mr. O'Connor initially joined MMLIC's Law Division in 2005 and from 2008 to 2011, he led the company's corporate law and government relations teams. From 2011 to 2017, Mr. O'Connor served in a number of business leadership positions at MMLIC, first as the chief of staff to MMLIC's CEO Roger Crandall and later as the head of corporate development and mergers and acquisitions and then as the head of MMLIC's international insurance operations.

Prior to joining MMLIC, Mr. O'Connor served as the U.S. General Counsel of Irving Oil Corporation, an independent global petroleum refiner and marketer from 2002 to 2005. From 1995 until 2002, Mr. O'Connor practiced corporate law at Goodwin Procter LLP in Boston, where he was a member of the M&A/Corporate Governance and Securities & Corporate Finance practice groups. Mr. O'Connor received a B.A. in Legal Studies from the University of Massachusetts at Amherst. He earned his J.D. from the Boston University School of Law, where he was a G. Joseph Tauro Distinguished Scholar and an Editor of the Boston University Law Review, and his M.B.A., majoring in Finance, from the Wharton School of Business at the University of Pennsylvania.

Ms. Hai Olivia Ou, aged 46, was appointed as a non-executive Director in November 2015, and was re-designated as an executive Director and was appointed as the interim chief executive officer in February 2020. She has ceased to be the interim chief executive officer in October 2020 and was re-designated as a non-executive Director in August 2022. Ms. Hai had served as a managing director of Yunfeng Capital and specialises in investments and management related to the financial services industry, especially on investments in Internet Finance and strategic management in insurance company. Prior to joining Yunfeng Capital, Ms. Hai was an actuarial partner at Deloitte China from 2012 and was engaged in the provision of consulting services to overseas and domestic insurance companies. Ms. Hai has also worked at HSBC Insurance (Asia) Limited in Hong Kong from 2010 to 2012 and PricewaterhouseCoopers LLP in the United Kingdom from 2002 to 2010.

Ms. Hai is a qualified fellow member of the Institute and Faculty of Actuaries in the United Kingdom and a fellow member of the China Association of Actuaries.

Independent Non-Executive Directors

Mr. Qi Daqing, aged 61, was appointed as an independent non-executive Director, and a member of the Audit Committee, Nomination Committee and Remuneration Committee in February 2016. In March 2019, Mr. Qi was appointed as the chairman of the Remuneration Committee. Mr. Qi is currently a professor of Cheung Kong Graduate School of Business where he previously served as a director and an associate dean of the executive master of business administration department. Mr. Qi's research interests primarily focus on financial accounting, financial reporting and their impact on corporate business strategy. Mr. Qi has published many articles in accounting and finance journals. Mr. Qi worked at The Chinese University of Hong Kong and the Feature Syndicate of the Department of Home News for Overseas, Xinhua News Agency prior to joining Cheung Kong Graduate School of Business in 2002.

Currently Mr. Qi serves as an independent director of Sohu.com Limited (NASDAQ: SOHU) and Hello Group Inc. (NASDAQ: MOMO), all of which are listed on NASDAQ; and an independent non-executive director of Haidilao International Holdings Limited (stock code: 06862), BlockFin Holdings Limited (formerly known as Bison Finance Group Limited) (stock code: 00888) and SinoMedia Holding Limited (stock code: 00623), all of which are listed on the Stock Exchange. Mr. Qi served as an independent non-executive director of Honghua Group Limited (stock code: 00196) from 18 January 2008 to 1 January 2018, a company listed on the Stock Exchange, an independent non-executive director of Dalian Wanda Commercial Properties Co., Ltd. (stock code: 03699) from 29 January 2016 to 20 September 2016, a company delisted from the Stock Exchange on 20 September 2016, and an independent non-executive director of Jutal Offshore Oil Services Limited (stock code: 03303) from 31 July 2015 to 27 April 2022. Mr. Qi had also been an independent director of Focus Media Holding Limited (NASDAQ: FMCN) and AutoNavi Holdings Ltd. (NASDAQ: AMAP), all of which were listed on NASDAQ, an independent director of Bona Film Group Limited and iKang Healthcare Group, Inc. which were listed on NASDAQ and ceased to be public companies, and an independent director of China Vanke Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000002; and listed on the Stock Exchange, stock code: 02202).

Mr. Qi graduated with a doctoral degree in accounting from The Eli Broad Graduate School of Management of Michigan State University in the U.S.A. in 1996. He also obtained a master's degree in management from University of Hawaii in the U.S.A in 1992 and dual bachelor's degrees (in biophysics and international news) from Fudan University in 1985 and 1987 respectively.

Mr. Chu Chung Yue, Howard, aged 77, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee in August 2011. Mr. Chu was the vice president, Asia and the chief representative, China of Teck Resources Limited. Mr. Chu was responsible for the development of Asian strategies for the company, monitoring China's economic performance and promoting business development opportunities in China. Mr. Chu held various positions including corporate controller for Teck Resources Limited from 1978 to 2007 and was the vice president, Asia and the chief representative, China from 2007 to April 2011.

Mr. Chu serves as an independent non-executive director of Grandshores Technology Group Limited (stock code: 01647), a company listed on the Stock Exchange.

Mr. Chu holds a bachelor's degree in commerce from University of British Columbia and was a member of the Chartered Professional Accountants of Canada.

Independent Non-Executive Directors (continued)

Mr. Xiao Feng, aged 64, was appointed as an independent non-executive Director, and a member of the Audit Committee and Remuneration Committee in March 2019. Mr. Xiao is currently the vice chairman and an executive director of China Wanxiang Holding Co., Ltd. (中國萬向控股有限公司).

Mr. Xiao is also the founder, an Executive Director, the Chairperson of the board and the Chief Executive Officer of HashKey Holdings Ltd. (stock code: 3887), a company listed on the Stock Exchange. Mr. Xiao has more than 28 years of experiences in finance, asset management and securities management and had served key positions in different institutions including securities management office of the People's Bank of China, Shenzhen Branch from 1992 to 1993, Securities Management Office of Shenzhen from 1993 to 1998 and Bosera Fund Management Co., Ltd. from 1998 to 2011. Since 1998, Mr. Xiao has also been appointed as the director, the chairman and the president of various finance companies, fund or asset management companies, trust companies and insurance companies.

Mr. Xiao obtained a bachelor's degree of arts in Chinese from Jiangxi Normal University in 1983 and a doctoral degree in economics from Nankai University in 2003.

Mr. Liang Xinjun, aged 57, was appointed as an independent non-executive Director in September 2025. Mr. Liang is the Chairman and Chief Executive Officer of XIN Family Pte. Ltd. and a Co-founder of Fosun Group. From August 2005 to March 2017, Mr. Liang served as the Executive Director, Vice Chairman, and Chief Executive Officer of Fosun International Limited (stock code: 656), a company listed on the Stock Exchange.

Mr. Liang currently also serves as the Independent Non-executive Director of Zhong An Intelligent Living Service Limited (stock code: 2271), a company listed on the Stock Exchange, Board Member (7th Term) of Business China Singapore, and Member of the Advisory Committee of the School of Computing and Information Systems, Singapore Management University.

Mr. Liang received his Bachelor's degree in Genetic Engineering from Fudan University in 1991, his Master of Business Administration degree from Cheung Kong Graduate School of Business in 2007, and his Doctor of Business Administration degree in Global Financial Management from Arizona State University in 2015.

Corporate Governance Report

The Board of the Company is committed to maintaining high standards of corporate governance. It believes that a high standard of corporate governance provides an effective framework and solid foundation for attracting and retaining high calibre and talented management, promoting high standards of accountability and transparency and meeting the expectations of all the Shareholders. The Board persists to establish a good corporate governance framework that is essential for effective management, continued business growth and a healthy corporate culture for the enhancement of shareholders' value in total. The Board believes that corporate culture is a prominent element to the fulfilment of the Company's mission. The Board has been putting efforts in review and enhance its risk management and internal controls and procedures in light of changes in regulations and developments in best practices, so as to ensure that the Company's purpose, values and strategies are aligned with the corporate culture. The principles of corporate governance adopted by the Group stress the importance of a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

Throughout the Year, the Company has adopted and complied with the applicable code provisions of the Corporate Governance Code ("CG Code") in force during the Year as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") , save and except for the deviations of CG Code provision C.1.5, which is explained in the relevant paragraph of this report.

Code of Conduct for Securities Transactions

The Company has adopted the code of conduct regarding Director's securities transactions with terms no less exacting than the required standard set out in the Model Code. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards as stated in the Model Code throughout the Year.

The Board

The Board is responsible for the formulation of the Group's purposes, values, strategies and policies, regulating and reviewing risk management and internal control systems, formulating and reviewing the Group's corporate governance policy, and directing and supervising the management of the business operations of the Group to ensure that its business objectives are met. The Board also ensures the fullest communication with the Shareholders and the Company's recognition of Shareholders' interest. The management of the Group is responsible for the day-to-day business operations and management of the Group and implementing the policies and strategies formulated by the Board and is accountable to the Board.

The Board (continued)

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Group. As at the date of this report, the Board comprises the following Directors:

Chairman

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

Executive Director

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

Non-executive Directors

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

Independent non-executive Directors

Mr. Qi Daqing
Mr. Chu Chung Yue, Howard
Mr. Xiao Feng
Mr. Liang Xinjun (appointed on 5 September 2025)

The Company has been maintaining the number of independent non-executive Directors at not less than one-third of the number of the Board members with a number of at least three and has ensured that at least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. The participation of independent non-executive Directors in the Board brings independent judgement to ensure the interests of all Shareholders have been duly considered.

For a Director to be considered independent, that Director should not have any direct or indirect material interest in the Group. In determining the independence of Directors, the Board follows the requirement set out in the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules in respect of the year ended 31 December 2025 and the Company considers that they are independent.

Currently, the executive director, the non-executive Directors and the independent non-executive Directors do not have specific terms of appointment. Code provision B.2.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Directors, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

The current Directors and their brief biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" of this announcement.

The Board (continued)

The roles of the Chairman of the Board and the CEO are complementary, but importantly they are distinct and separate with a clear and well-established division of responsibilities. The Chairman, Mr. Yu Feng, is responsible for providing leadership to the Board, ensuring Board effectiveness and fostering constructive relationship between Directors. The interim CEO, Mr. Huang Xin, leads the management team and is responsible for managing the business of the Group, implementing the policies and strategies approved by the Board, and assumes full accountability for the day-to-day operations and management of the Group.

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" of this announcement, there are no financial, business, family or other material/relevant relationships between Board members and between the Chairman and the CEO.

The Board meets regularly and at least 4 times a year. Between scheduled meetings, senior management of the Group provides to the Directors the information on the activities and developments in the businesses of the Group on a timely basis and, when required, additional Board meetings are held. In addition, the Directors have full access to the information of the Group and to independent professional advice whenever should they consider necessary. To ensure all directors an opportunity to attend, notice of at least 14 days will be given of a regular board meeting and an agenda and accompanying board papers will be sent, in full, to all directors at least 3 days before the date of a board or board committee meeting (or other agreed period). During the Year, a total of 5 Board meetings and 3 general meeting, including the annual general meeting and 2 extraordinary general meetings were held and the attendance of each Director is set out below:

	Number of meetings attended in the year ended 31 December 2025/ Number of meetings eligible to attend					
	Board	*NC*	*RC*	*AC*	*AGM (Note)*	*EGM (Note)*
Chairman						
Mr. Yu Feng (non-executive Director)	5/5	1/1	-	-	1/1	2/2
Executive Directors						
Mr. Huang Xin (interim chief executive officer)	5/5	-	1/1	-	1/1	2/2
Non-executive Directors						
Mr. Michael James O'Connor	5/5	-	-	-	0/1	0/2
Ms. Hai Olivia Ou	5/5	-	-	-	1/1	2/2
Independent non-executive Directors						
Mr. Qi Daqing	5/5	1/1	1/1	2/2	0/1	1/2
Mr. Chu Chung Yue, Howard	5/5	1/1	1/1	2/2	1/1	2/2
Mr. Xiao Feng	1/5	-	0/1	0/2	1/1	2/2
Mr. Liang Xinjun (appointed on 5 September 2025)	1/1	-	-	-	-	1/1

The Board (continued)

Note:

NC - Nomination Committee
RC - Remuneration Committee
AC - Audit Committee
AGM - annual general meeting held on 27 June 2025
EGM – extraordinary general meetings held on 17 April 2025 and 18 December 2025

The Chairman also held meeting(s) with the independent non-executive Directors without the presence of other Directors during the Year.

Code Provision C.1.5 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, to gain and develop a balanced understanding of the views of shareholders. One non-executive Director was unable to attend the extraordinary general meeting of the Company held on 17 April 2025 due to other business engagements. In addition, one non-executive Director and one independent non-executive Director were unable to attend the annual general meeting of the Company held on 27 June 2025 and the extraordinary general meeting held on 18 December 2025 due to their other business engagements. Nevertheless, sufficient numbers of Directors, including executive Directors, non-executive Directors and independent non-executive Director, were present at the above meetings, enabling the Board to develop a balanced understanding of the views of the Company's shareholders.

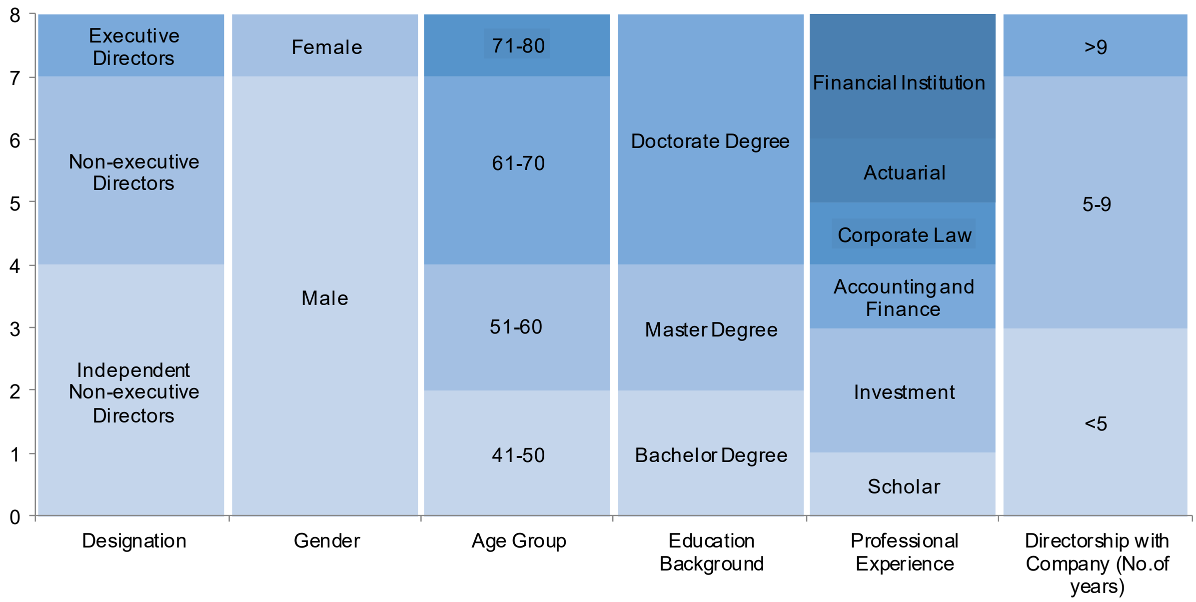
Board Diversity Policy

The Company has adopted an updated board diversity policy in 2022 (the "Board Diversity Policy") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of a Board that possesses an appropriate balance and levels of skills, experience, expertise and diversity of perspectives essential to support the execution of its corporate and business strategies and to enhance the quality and effectiveness of its performance. Board diversity will strengthen the Company's strategic objectives in driving business results; enhance good corporate governance and reputation; and attract and retain talent for the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

As at the date of this report, the Board composition under major criteria for diversity was summarised as follows:



The Board considers that the current Board composition is diverse and meets the criteria set out in the Board Diversity Policy. Accordingly, no specific measurable objectives have been established for implementation of the policy. The Board will continue to review the policy from time to time to ensure ongoing compliance and its continued effectiveness.

During the Year, the Board conducted an annual review of the implementation and effectiveness of Board Diversity Policy. A copy of the Board Diversity Policy is available on the Company's website for public information.

Directors' Induction and Continuing Professional Development

All Directors, including independent non-executive Directors, are expected to maintain a clear understanding of their collective responsibilities as members of the Board, as well as the businesses and operations of the Group. Each newly appointed Director receives a comprehensive induction package covering the Group's business and their statutory and regulatory obligations as a director of a listed company.

During the Year, all Directors received the following trainings:

Directors	Roles and Responsibilities	Hong Kong Law / Listing Rules	Corporate Governance and ESG	Risk Management and Internal Controls	Industry-specific Updates
Chairman					
Mr. Yu Feng (non-executive Director)	√	√	√	√	√
Executive Director					
Mr. Huang Xin	√	√	√	√	√
Non-executive Directors					
Mr. Michael James O'Connor	√	√	√	√	√
Ms. Hai Olivia Ou	√	√	√	√	√
Independent non-executive Directors					
Mr. Qi Daqing	√	√	√	√	√
Mr. Chu Chung Yue, Howard	√	√	√	√	√
Mr. Xiao Feng	√	√	√	√	√
Mr. Liang Xinjun (appointed on 5 September 2025)	√	√	√	√	√

Board Independence

The Board has established mechanisms to ensure that independent views are available to the Board. A summary of these mechanisms is set out below:

(i) Composition: The Board ensures the appointment of at least three independent non-executive Directors and that at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time). At least one independent non-executive Director possesses the appropriate professional qualifications, or accounting or related financial management expertise, as required under the Listing Rules. Furthermore, independent non-executive Directors are appointed to Board committees as required under the Listing Rules and so far as practicable to ensure independent views are fully available and are taken into account.

(ii) Independence Assessment: The Nomination Committee strictly adheres to the Company's nomination policy in relation to the nomination and appointment of independent non-executive Directors, and is mandated to assess their independence on an annual basis to ensure that each independent non-executive Director continues to satisfy the independence criteria under the Listing Rules and is able to exercise independent judgement without undue influence.

(iii) Board Decision Making: Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense. A Director (including independent non-executive Directors) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Board Committees

The Board is responsible for performing the corporate governance duties. During the Year, the Board reviewed the Company's corporate governance policies and practices, as well as the training and continuous professional development of the Directors and senior management. The Board reviewed and monitored the code of conduct and compliance manual applicable to Directors and employees, and ensured the Group's compliance with relevant legal and regulatory requirements, the CG Code and the disclosure obligations in this Corporate Governance Report. In addition, the Company has established three committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee. Each committee has its own terms of reference with reference to the requirements of the CG Code.

Remuneration Committee

The Remuneration Committee is chaired by Mr. Qi Daqing, with Mr. Huang Xin, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng serving as its members. The Remuneration Committee is responsible to make recommendations to the Board on the remuneration packages of Directors and senior management of the Group. In addition, the Remuneration Committee meets as and when required to consider remuneration-related matters, including making recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management, and assisting in the administration of a fair and transparent procedure for determining such remuneration policies. During the Year, the Remuneration Committee held 1 meeting. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange. Code provision E.1.2(c)(ii) has been adopted by the Remuneration Committee.

The Remuneration Committee has adopted a Remuneration Policy in 2017, which sets out different remuneration policies and structures for independent non-executive Directors, non-executive Directors and executive Directors, reflecting the Group's objectives of a sound governance process and long-term value creation for the Group's shareholders. Details of the remuneration of the Directors of the Company during the Year are set out in Note 13 to the financial statements. The remuneration paid or payable to the senior management of the Company by bands during the Year is set out below:

Remuneration bands (HK$)	**Number of persons**
HK$Nil to HK$1,000,000	1

Nomination Committee

The Nomination Committee is chaired by Mr. Yu Feng, with Mr. Qi Daqing and Mr. Chu Chung Yue, Howard serving as its members. The terms of reference of the Nomination Committee have been determined with reference to the CG Code and are available on the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least once every year, making recommendations on any proposed changes to the Board to complement the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the CEO. In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Nomination Committee is also responsible for reviewing the Board Diversity Policy, taking into consideration factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of Board members. The Nomination Committee also reviews any measurable objectives set by the Board for implementing the Board Diversity Policy (if applicable), and monitors the progress made in achieving such objectives.

The Company has adopted a nomination policy on 1 January 2019 (the "Nomination Policy"). The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Policy sets out formal procedures for selection, appointment and re-appointment of Directors. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall include but not limited to his or her integrity, accomplishment and experience, in particular, in the industry of the Group's businesses, commitment in respect of available time and relevant interest and ability to contribute to the diversity of the Board.

During the Year, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure of the Board and the Board Diversity Policy, and considered the nomination of director and CEO and nomination of the retiring Directors for re-election based on the nomination policy. In considering the nomination of appointment and/or re-appointment of directors, the Nomination Committee assessed the relevant candidates on criteria such as integrity, experience, skills, professional qualifications, independence and ability to commit time etc, and made recommendation to the Board for approval.

Audit Committee

The Audit Committee is chaired by Mr. Chu Chung Yue, Howard, with Mr. Qi Daqing and Mr. Xiao Feng serving as its members.

Mr. Chu holds a bachelor's degree in commerce from University of British Columbia and is a member of the Chartered Professional Accountants of Canada. Mr. Chu has appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are aligned with the requirements of the CG Code and are available on the websites of the Company and the Stock Exchange. The Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim results and annual results and to monitor the integrity of the financial statements of the Group, to review the scope, extent and effectiveness of the Company's financial controls, risk management and internal control systems, internal audit and to review the Group's financial and accounting policies.

The Audit Committee held 2 meetings during the Year. There was no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors. The Audit Committee reviewed, inter alia, the accounting principles and practices adopted by the Group and discussed internal controls, financial reporting and risk management matters of the Group. The Audit Committee has also reviewed, and had meetings and discussions with external auditors, on the interim and annual consolidated financial statements of the Group.

Whistle-blowing and Anti-corruption

The Board believes that anti-corruption and whistleblowing are core to establishing a healthy corporate culture and promoting high ethical standards of the Group. We have established a whistleblowing policy at Group level and a Speak-up Policy at the main subsidiary (insurance business) (the "Main Subsidiary") level. Employees can report any suspected non-compliance or misconduct without disclosing their identity to ensure the whistle blowers can uphold the Group's ethical standards without concerns of being retaliated.

The Group has zero tolerance on any forms of bribery, extortion, fraud or money laundering in our operation. Our compliance manual and corporate compliance guide outline the expectations of ethical behaviour for all employees to achieve and maintain high standards of integrity. Business practice and controls for preventing and combating corruption are assessed at both Group-level and business unit-level.

Auditor's Remuneration

A summary of fees for audit and non-audit services is as follows:

Nature of services	*31 December 2025* HK$'000	*31 December 2024* HK$'000
Audit services	13,335	13,962
Non-audit services	2,924	2,922
Total	16,259	16,884

Included in the auditor's remuneration, HK$1,635,000 (2024: HK$1,601,000) relates to audit services provided to other entities managed by the Group.

Responsibilities for Preparing the Financial Statements

The directors acknowledge that it is their responsibility for preparing financial statements which give a true and fair view.

Risk Management and Internal Control

While the Group pursues growth in business, it also recognises the importance of effectively managing various risks associated with its operations. The Group aims to achieve a good balance between risks and growth by implementing appropriate risk management and internal control.

The Board has the responsibilities for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

As the insurance business has become the Group's dominant business, to achieve comprehensive risk management, the Group conducts risk management and internal control at the Main Subsidiary level as well as the Group level, and has built a comprehensive system for which the Board has ultimate responsibilities, and the risk management and internal control systems covering all business lines are supervised directly by the management and supported by relevant professional committees with close cooperation of all business functions.

Organisation

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks which it is willing to take whilst achieving the Group's strategic objectives and maintaining sound and effective risk management and internal control systems (including their effectiveness) to safeguard Shareholders' investments and the Group's assets.

The board of directors of the Main Subsidiary (the "Board of Subsidiary") has established its own audit committee and board risk committee which are responsible for overall risk management and internal control and report to the Board of Subsidiary together with the management of the Main Subsidiary (the "Management of Subsidiary"). The Management of Subsidiary establishes and supervises the risk management committee which identifies, prevents and controls various risks and reports to the board risk committee. The internal audit functions are conducted by the key management appointed by the Management of Subsidiary and report to the Audit Committee. Overall, the Board of Subsidiary reports to the management of the Group on risk management and internal audit matters.

The internal control system of the Group is mainly composed of operations, finance, risk management, information technology, legal, compliance, and audit functions, which is responsible for the risk management of non-insurance business.

Risk Management and Internal Control Systems

Currently, the risk management framework of the Main Subsidiary includes three lines of defence of the overall risk management model organized by key business functions, risk management, legal and compliance, and internal audit:

The first line of defence is in charged by a team of highly experienced and competent senior management from key business functions. In particular, the risk management policies and procedures are put in place to safeguard a prudent underwriting policy.

The second line of defence consists of risk management, legal and compliance department, as well as the board risk committee of the Board of Subsidiary which manage the respective business risks including insurance risk, currency exchange risk, investment and interest rate risk, credit risk, operational risk, and regulatory and compliance risk. Additionally, an anti-bribery and corruption policy is established to ensure ethical behavior and compliance with laws, promoting and supporting anti-corruption laws and regulations.

The third line of defence is maintained by the internal audit department. The audit committee of the Board of Subsidiary will oversee and monitor through a risk-based approach to its work, providing assurance to the Board of Subsidiary.

A whistleblowing policy and system is established for reporting compliance or ethics issues, further strengthening oversight and maintaining the integrity of the organization.

At Group level, the industry standard “Three Lines of Defence” for the management of risks was also adopted, comprising (1) first line of defence: various business departments manage risk that they respectively own; (2) second line of defence: the risk management, legal, compliance and operation function, which defines and co-ordinates the operational risk strategy and framework, and is responsible for the statistics and reporting of various risks; and (3) third line of defence: internal and external function provides independent assurance.

Risk Management and Internal Control Review

The review of the effectiveness of the Group’s risk management and internal control systems is conducted at least annually. During the Year, the management of the Group regularly conducted risk assessment and management, and to review the Group's risk management and internal control systems. The risk committee of the Board of Subsidiary held 4 regular meetings and regular management meetings were also conducted to discuss routine risks monitoring. In 2025, various risks were identified, monitored and reported by risk management function, legal function and compliance function. Corresponding measures against those risks were implemented. The risk management department implemented the internal audit function at the Group level and conducted internal audit mainly on department’s operational risks including description of existing workflow and cases sampling inspection, which focuses on the inspection of problems and deficiencies that have occurred, in addition to tracking and recording follow-up improvements. For the Main Subsidiary, internal audit department has conducted internal control reviews for various business functions throughout the Year including operational, management information systems and regulatory compliance reviews. The audit engagements are performed according to the risk-based and strategically-aligned audit plan which was approved by the audit committee of the Board of Subsidiary. Issues raised for improvement had been identified and appropriate actions were recommended. The major risks and benchmarks are set out in Report of the Directors of this announcement.

Risk Management and Internal Control Review (continued)

The Risk Management and Internal Control Reports were presented to the Audit Committee of the Board for review in March 2026 and the reports show that as of the time when the annual review is conducted, there have been no changes, since the last annual review, in the nature and extent of significant risks, including ESG risks, nor in the Group's ability to respond to changes in its business and the external environment. All risk assessment tests and risk monitoring reports showed stable trends and favorable results and no major risk events that have caused significant financial losses to the Group have been identified. The Audit Committee of the Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems and considered that the risk management and internal control systems were effective and adequate.

Dissemination of Inside Information

The Company is committed to a consistent practice of timely, accurate and sufficiently details disclosure of material information about the Group. With the guidelines of the Company regarding the disclosure of inside information, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to determine the need for disclosure.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is well aware of its obligations under the SFO, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the SFC

- informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the SFC and the Stock Exchange

- has developed procedures and mechanisms for the disclosure of inside information

- has included in its compliance manual a strict prohibition on the unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff

- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only Directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas

Company Secretary

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman and the CEO, and is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and the management.

Mr. Chan Man Ko, the company secretary of the Company, has complied with the training requirement under Rule 3.29 of the Listing Rules during the Year.

Shareholders' Right

How Shareholders Can Convene an Extraordinary General Meeting ("EGM")

An EGM may be convened by the Directors upon the requisition of Shareholders holding not less than one-twentieth (5%) of the total voting rights of all Shareholders, or by such Shareholder(s) who made the requisition (as the case may be) pursuant to section 566 to 568 of the Companies Ordinance and the articles of association of the Company. The requisition must state the objects of the meeting, be signed by the requisitionist(s) and be deposited at the registered office of the Company. Shareholders who wish to convene an EGM are required to comply with the requirements and procedures set out in the Companies Ordinance.

Procedures for Putting Forward Proposals at a General Meeting

Pursuant to the Companies Ordinance, Shareholders representing not less than one-fortieth (2.5%) of the total voting rights of all Shareholders; or not less than 50 Shareholders on which there has been paid up an average sum, per Shareholder, of not less than HK$2,000, may make requisition in writing for proposing resolution or business to be dealt with at the next general meeting. Shareholders should follow the requirements and procedures as set out in section 615 of the Companies Ordinance for putting forward a proposal at a general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Rooms 1803-1806, 18th Floor, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong
Fax: (852) 2845 9036 / (852) 3102 9022
Email: ir@yff.com

Shareholders may also make enquiries directly with the Board at the general meetings of the Company.

Investor Relations and Dividend Policy

The Company has adopted an updated Shareholders Communication Policy in 2022 (the "Shareholders Communication Policy"), and the Board is committed to provide clear and full performance information of the Group to the Shareholders. Information will be communicated to the Shareholders and the Investors mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available the disclosures submitted to the Stock Exchange and its corporate communication and other corporate publications on the websites of the Stock Exchange and the Company. A copy of the Shareholders Communication Policy is published on the Company's website for public information. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the Year and conclude that it is effective.

Shareholders are encouraged to attend the annual general meeting and the Chairman and Directors (including chairman/members of the Audit Committee, the Nomination Committee and the Remuneration Committee) as well as the representative of external auditor, should attend and answer questions on the Group's business at the meeting. All resolutions at the general meeting are decided by a poll which is conducted by the Group's share registrar.

The Group values feedback from the Shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Further, the Company has adopted a dividend policy on 1 January 2019. The Company does not have any predetermined dividend payout ratio. Declaration, recommendation and payment of dividends of the Company is subject to the approval of the Board, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Board may consider relevant from time to time.

Constitutional Documents

To bring the existing articles of association of the Company in line with the recently amended Companies Ordinance (Chapter 622 of the Laws of Hong Kong), to reflect the relevant amendments to the Listing Rules, as well as to incorporate certain housekeeping changes and align with other applicable requirements of the Listing Rules and the Companies Ordinance, the Shareholders passed a special resolution for the adoption of a new set of articles of association of the Company at the annual general meeting held on 27 June 2025. The new articles of association consolidate all previous and proposed amendments and replace the Company's memorandum of association and the previous articles of association in their entirely. The latest version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange.

Hong Kong, 26 March 2026

Report of the Directors

The Directors submit herewith their report together with the audited consolidated 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 principal subsidiaries are set out in Note 21 to the consolidated financial statements. An analysis of the revenue and the results of the Group by business segments during the Year are set out in Note 16 to the consolidated financial statements.

Business Review

Detailed business review and future development of the Company's business are set out in "Management Discussion and Analysis ("**MD&A**") section in this announcement. An analysis of the Group's performance during the Year using financial key performance indictors is also provided in MD&A in this announcement. Discussions on the Group's ESG governance and risk management, environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Group and key relationships with employees, customers, suppliers and other stakeholders are set out in the Environmental, Social and Governance Report ("**ESG Report**") of this announcement. MD&A and ESG Report also form part of this announcement.

Key Risks and Uncertainties

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in our businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments.

The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties. The Group adopts risk management policies, measures and monitoring systems to prevent and control the exposures to the identified risks.

Regulatory risk

Our businesses operate in highly-regulated markets and our success and operations can be impacted by changes to the regulatory environment and the structure of these markets. The Group pays close attention to financial regulatory and legislative developments of the markets it operates and actively monitors and consults with regulators of the markets on changes which could impact our business. Many of our key businesses are also subject to direct regulatory oversight and we are required to maintain the appropriate regulatory approvals and licenses to operate, and in some cases adhere to certain stringent financial and capital covenants.

Key Risks and Uncertainties (continued)

Insurance risks

The Group prices its insurance products based on estimated benefit payments reflecting assumptions with respect to mortality, morbidity, longevity, persistency, interest rates and other factors. If actual policy experience emerges that is significantly and adversely different from assumptions used in product pricing, the effect could be material to the profitability of the Group. For participating whole life products, the insurance company’s dividends to policyholders primarily reflect the difference between actual investment, mortality, expense and persistency experience and the experience embedded in the whole life premiums and guaranteed elements. The Group also makes use of reinsurance to mitigate the impact of its underwriting risk.

Market risks

Market risk comes from the changes in market value of investment exposures, which are caused by changes in market prices. The Group monitors daily market price fluctuations and major news with evaluation of their potential impact on the Company, and monitors the Company's exposure to the risk. Market risks disclosure and an overview of market risks are provided in weekly and quarterly reports.

Currency exchange risks

For the main subsidiary of the Group (insurance business) (the “Main Subsidiary”), the currency exchange risk is mainly related to certain insurance policies that are not denominated in United States (U.S.) dollars. However, most of the insurance policies are denominated in U.S. dollars. As the Main Subsidiary’s investments are primarily made in U.S. dollars, coupled with the fact that the Hong Kong dollar is pegged to the U.S. dollar as well as the hedging program in place for other currencies, management of the Main Subsidiary does not consider that the currency risk is material.

After the HKRBC regime became effective, Main Subsidiary’s HKD currency hedge for HK portfolio would not be rolled over and the currency matching position would be monitored and reported regularly.

On asset-side currency exposure, Main Subsidiary continues to hedge the investments denominated in other currencies. Main Subsidiary would monitor and review, and conduct hedge regularly at reasonable costs and efforts to reduce currency mismatch.

Key Risks and Uncertainties (continued)

Investment and interest rate risks

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

To assess the ability of the Main Subsidiary to withstand adverse change in interest rates, Stress Scenario Tests are performed regularly. According to the latest Own Risk and Solvency Assessment (ORSA) Report for the financial year ended 31 December 2024, all the stress scenario tests related to investment and interest rate risks are satisfactory.

After the assessment of the ability of the Group to withstand adverse change in interest rates, the Group's investment and interest rate risks are under control.

Credit risks

Credit risk is the risk that issuers of investments owned by the Group may default or that other parties may not be able to pay amounts due to the Group. The management of the Group's credit risk mainly focuses on whether various credit risks are within the scope of the Group's institutional regulations and are summarized in the weekly risk report. The risk management department prepares separate reports on margins and trading limits every day. In the context of the relatively volatile stock market this year, it promptly reminded the business and reduced the margin exposure, avoiding possible losses from credit risks.

The Main Subsidiary attempts to manage its investments to limit credit risk by diversifying its portfolio among various security types and industry sectors as well as purchasing credit default swaps to transfer some of the risk if necessary. For year 2025, there were no breach in concentration nor industry limit. Considering the resilience of the business to counterparty default events, the credit risk exposure is maintained within acceptable levels.

Key Risks and Uncertainties (continued)

Cyber risks

Cyber risk means any risk of financial loss, disruption or damage to the reputation of an organization from some sort of failure of its information technology systems.

For the year of 2025, the top cyber threats under concerns also include:

a) Data breaches, encompassing leakage, loss, or theft, expose confidential information to unauthorized parties, both internal and external. This can stem from various sources, including insider threats or third-party breaches.

b) Phishing, Social Engineering and Business Email Compromise (BEC). Cybercriminals use deceptive tactics like phishing emails, impersonation or manipulation to trick employees or customers into revealing sensitive information or initiating unauthorized transactions.

c) Attrition or denial of service. An attempt to make online service unavailable by overwhelming them with traffic from multiple sources; attacks that compromise, degrade, or destroy systems or networks, over time.

d) Improper usage. Any unauthorized activity resulting in violation of the Company's technology acceptable use policy by an authorized user.

e) Insider threat. An insider threat can occur from people who have some level of access to the Group's networks, computer system(s), email or data, including: employees, former employees, contractors, business associates, or anyone who intentionally misuses that access to negatively affect the confidentiality, integrity, and availability of the Group's information or information systems.

f) Malware or ransomware are malicious software designed to infiltrate and damage computer systems, often leading to data encryption or theft. These attacks can disrupt business operations, compromise sensitive information, and result in significant financial losses through ransom demands or recovery costs.

g) Remote Working. Unsecured/open Wi-Fi connections, unattended computers, and data breaches are some potential negative impacts the Company may experience. Without adequate information protection awareness, this combination that can leave the company vulnerable to cyber attacks.

h) Internet of Things (IoT). IoT is a network of intertwined devices, software, sensors, and other 'things' which enable the world to be connected throughout physical space. This can include business software, camera, smart home devices, or mobile phones. All of these things communicate with each other without the need for human interaction. This spider web contains vast amount of sensitive data and poses serious danger to information security.

Key Risks and Uncertainties (continued)

Cyber risks (continued)

i) Generative AI (GenAI) involves compliance with data protection laws and ethical guidelines governing the use of AI technologies. When deploying GenAI, the Company should be concerned about privacy and accountability of AI-generated content. It is crucial to ensure adherence to regulations, avoid incurring potential legal repercussions and maintain public trust.

j) Vulnerability Management and Patch Exposure identify known exploited vulnerabilities in operating systems, databases, applications, and cloud components. Delayed fixes or incomplete controls heighten exploitation risks.

k) Reliance on cloud services, outsourced IT and third-party platforms creates risks such as misconfiguration, shared responsibility gaps, compliance challenges, and limited vendor oversight.

Cyber risk was monitored in 2025, and the risk management and internal control report in year 2025 showed that the identified issues remained stable and within a manageable range.

Operational risks

Operational risk is the risk of loss (or unintended gain/profit) arising from inadequate or failed internal processes, or form personnel and systems, or from external events. The sources of operational risk are relatively wide. It may also be transformed to other types of risks. It summarizes the risks a company undertakes when it attempts to operate within a given field or industry.

The Group reports and tracks various operational risks that have occurred to ensure the problems are corrected and resolved. For the potential risks discovered and recorded, the risk management department has conducted research and discussion with various relevant departments on preventive measures and emergency measures and attempts to avoid unexpected risk events. Emergency drills for each business line and support department have been conducted. Solutions for the problems found were formulated.

Dividends

The Board did not recommend the payment of a final dividend for the Year (2024: nil).

Share Capital

Details of the movements in the share capital of the Company during the Year are set out in Note 36(e) to the consolidated financial statements.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 December 2025 are set out in Note 36(c) to the consolidated financial statements.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Treasury Shares

The Company is a company incorporated in Hong Kong with limited liability, and is subject to Companies Ordinance (Chapter 622 of the laws of Hong Kong) and relevant laws and regulations in Hong Kong. Following the amendments to the Companies Ordinance and the relevant changes to the Listing Rules, Hong Kong incorporated listed companies are permitted, subject to certain requirements and restrictions, to hold shares bought back as treasury shares and to deal in such treasury shares. The Company has amended its Articles of Association to permit the holding and disposal of treasury shares, subject to any applicable requirements and restrictions under the Relevant Regulations.

As at the end of 31 December 2025, the Company did not hold (or hold through CCASS or deposit in CCASS) any treasury share.

Equity Linked Agreements

Save as disclosed in this announcement, the Company did not, throughout the Year, enter into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into such agreement.

Share Option Scheme

The Company adopted a Share Option Scheme on 28 June 2022 (the "2022 Share Option Scheme"), and amended its terms on 18 December 2025 (the "Amended Share Option Scheme") for the purpose of (i) bringing the 2022 Share Option Scheme in line with the requirements of the Amended Listing Rules, (ii) allowing the satisfaction of Options using treasury shares of the Company, and (iii) reflecting other housekeeping and consequential amendments.

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

Eligible Participants under the Share Option Scheme comprise: (i) Employee Participants, (ii) Related Entity Participants and (iii) Service Providers whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

In assessing eligibility, the Board would mainly take into account of the experience of the Participant on the Group's business, the length of service of the Participant with the Group or Related Entity (if the Participant is an Employee Participant or a Related Entity Participant), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Participant has established with the Group or Related Entity (if the Participant is a Service Provider or a Related Entity Participant), and the amount of support, assistance, guidance, advice, efforts and contributions the Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Participant is likely to be able to give or make towards the success of the Group in the future.

With respect to Related Entity Participants, the Board will also consider the experience of the Related Entity Participant on the Related Entity's business, the length of service of the Related Entity Participant with the Related Entity, the amount of contribution the Related Entity Participant has made or is likely to make towards the success of the Group through his involvement and participation at the Related Entity, the benefits and synergies provided by the Related Entity to the Group and such other factors as the Board may at its discretion consider appropriate.

Share Option Scheme (continued)

Subject to the Listing Rules, the total number of Shares which may be issued in respect of all Options to be granted under the Amended Share Option Scheme and all options and awards to be granted under any other share schemes of the Company shall not exceed 405,929,167 Shares (representing 10% of the total number of Shares in issue, excluding treasury shares) as at the date on which the Amended Share Option Scheme and the 2025 Share Award Scheme (as defined thereafter) were adopted by the Shareholders of the Company (the "Adoption Date", i.e. 18 December 2025) (the "Scheme Mandate Limit"). Within the Scheme Mandate Limit, the total number of Shares which may be issued to Service Providers shall not exceed 81,185,833 Shares (representing 2% of the total number of Shares in issue, excluding treasury shares) as at the Adoption Date (the "Service Provider Sublimit").

No participant shall be granted an option, if the total number of Shares issued and to be issued in respect of all options or awards granted and to be granted to such Participant under the Amended Share Option Scheme and any other share schemes of the Company (excluding options and awards lapsed) in any 12-month period up to and including the date of such further grant would exceed 1% of the Shares in issue (excluding treasury shares), unless such further grant has been separately approved by the Shareholders in general meeting with the Participant and his Close Associates (or his Associates if the Participant is a connected person) abstaining from voting.

Where any proposed Share Option Offer to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, would result in the Shares issued and to be issued in respect of all options and awards granted under the Amended Share Option Scheme and any other share schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the Amended Share Option Scheme and any other share schemes of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue (excluding any treasury shares of the Company), such further proposed Share Option Offer is subject to the approval of the Shareholders in general meeting with such Participant, his Associates and all core connected persons of the Company (which has the meaning ascribed to it under the Listing Rules) abstaining from voting in favour of the resolution and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

The period during which an option may be exercised by the grantee shall be determined by the Board at its absolute discretion and notified to the grantee, and in any event shall expire no later than 10 years from the Share Option Offer Date.

The Vesting Period in respect of any Options shall be determined by the Board, and in any case, shall not be less than 12 months from the Share Option Offer Date, provided that for Employee Participants, the Vesting Period may be less than 12 months in certain specified circumstances under the rules of the Amended Share Option Scheme.

Pursuant to the Amended Share Option Scheme, acceptance of a Share Option Offer must be made within a period of not less than 10 Business Days from the date of the offer by returning the duly signed duplicate of the Share Option Offer Letter stating the number of Shares accepted, together with a remittance of HK$1.00 as consideration for the grant. Such remittance shall in no circumstances be refundable or be considered as part of the Subscription Price.

Share Option Scheme (continued)

Subscription Price shall be such price as determined by the Board in its absolute discretion (and shall be stated in the Share Option Offer Letter) but in any case the Subscription Price shall be at least the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Share Option Offer Date, which must be a business day; and

(ii) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Share Option Offer Date.

The Amended Share Option Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption of the 2022 Share Option Scheme (i.e. 28 June 2022), after which period, no further options will be granted. Subject to the compliance with the provisions of Chapter 17 under the Listing Rules, the provisions of the Amended Share Option Scheme shall remain in full force and effect, and options which are granted during the life of the Amended Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Details and other principal terms of the Amended Share Option Scheme are set out in the circular of the Company dated 1 December 2025.

During the Year, no share options were granted, exercised, cancelled, lapsed or outstanding.

Share Award Schemes

2025 Share Award Scheme

The Company approved the adoption of a new share award scheme (the "2025 Share Award Scheme") on the Adoption Date and the share award scheme adopted by the Company on 12 December 2016 (the "2016 Share Award Scheme") was terminated following the adoption of the 2025 Share Award Scheme.

The purposes of the 2025 Share Award Scheme are to encourage or facilitate the holding of Shares by Selected Participants whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group; to encourage and retain such individuals to work with the Group; and to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of Selected Participants with the Shareholders through ownership of Shares.

Eligible Participants of the 2025 Share Award Scheme include Employee Participants, Related Entity Participants and Service Providers.

When considering the eligibility of each of the Selected Participants, the Board shall consider all relevant factors as appropriate from time to time. In particular,

(i) with respect to Employee Participants, the Board will consider, among others, the experience of the Employee Participant on the Group's business, the length of service of the Employee Participant with the Group;

(ii) with respect to Related Entity Participants, the Board will mainly consider the experience of the Related Entity Participant on the Related Entity's business, the length of service of the Related Entity Participant with the Related Entity, the amount of contribution the Related Entity Participant has made or is likely to make towards the success of the Group through his involvement and participation at the Related Entity, the benefits and synergies provided by the Related Entity to the Group and such other factors as the Board may at its discretion consider appropriate; and

(iii) with respect to Service Providers, the Board will consider, among others, the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Service Provider has established with the Group.

The maximum number of Shares which may be issued in respect of all Share Awards to be granted under the 2025 Share Award Scheme together with the number of Shares which may be issued in respect of all options and awards granted under any other share schemes of the Company shall not exceed 405,929,167 Shares, representing 10% of the total number of Shares in issue (excluding any treasury shares) as at the Adoption Date (the "Scheme Mandate Limit"). Within the Scheme Mandate Limit, the total number of Shares which may be issued to Service Providers shall not exceed 81,185,833 Shares, representing 2% of the total number of Shares in issue (excluding any treasury shares) as at the Adoption Date (the "Service Provider Sublimit").

Share Award Schemes (continued)

2025 Share Award Scheme (continued)

The maximum number Shares which may be issued in respect of the Share Awards to be granted under the 2025 Share Award Scheme and the options and awards granted to such Selected Participant under any other share schemes of the Company in the 12-month period up to and including the date of grant of the Share Awards shall not in aggregate exceed 1% of the Shares in issue (excluding any treasury shares of the Company) unless separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules.

In addition: (a) where any grant of Share Awards to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Share Awards granted under the 2025 Share Award Scheme and all awards granted under any other share schemes of the Company (excluding those lapsed in accordance with the terms of the 2025 Share Award Scheme or any other share schemes of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any treasury shares of the Company) as at the date of such grant; or (b) where any grant of Share Awards to an independent non-executive Director or substantial shareholder of the Company, or any of his respective associates, would result in the number of Shares issued and to be issued in respect of all Share Awards granted and all options and awards granted under any other share schemes of the Company (excluding those lapsed in accordance with the terms of the 2025 Share Award Scheme or any other share schemes of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any treasury shares of the Company) as at the date of such grant, such further grant of Share Awards must be approved by the Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. The Selected Participants, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

The Vesting Period in respect of any Share Awards must not be less than 12 months from the Grant Date, provided that the Board may at its discretion grant a shorter Vesting Period to an Employee Participant in certain specified circumstances under the rules of the 2025 Share Award Scheme.

Unless otherwise determined by the Board and specified in the Grant Letter, a Selected Participant is not required to pay any purchase price or make any other payment on acceptance or vesting of the Share Awards.

The 2025 Share Award Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date. Details and other principal terms of the 2025 Share Award Scheme are set out in the circular of the Company dated 1 December 2025.

During the Year, no share awards were granted under the 2025 Share Award Scheme.

2016 Share Award Scheme (terminated)

The 2016 Share Award Scheme was terminated with effect from 18 December 2025 following the approval and adoption of the 2025 Share Award Scheme. Upon termination of the 2016 Share Award Scheme, no further awards will be granted thereunder.

Since the date of adoption of 2016 Share Award Scheme (i.e. 12 December 2016) and up to 18 December 2025, a total of 43,040,000 Shares have been awarded pursuant to 2016 Share Award Scheme and there were no awards which remain unvested or in respect of which Shares have not yet been issued under the 2016 Share Award Scheme.

During the Year, no share awards were granted under the 2016 Share Award Scheme.

As at 18 December 2025, TMF Trustee (HK) Limited ("TMF Trustee") held 15,395,000 Shares under the 2016 Share Award Scheme, all of which were no longer subject to any awards. Upon termination of the 2016 Share Award Scheme, TMF Trustee shall, in accordance with the terms of the 2016 Share Award Scheme, within 15 Business Days of receiving a notice of termination from the Company (or such longer time as TMF Trustee and the Board may agree) sell all the Shares and non-cash income and non-scrip distributions attributable thereto (if any) remaining in the trust of the 2016 Share Award Scheme and remit the sale proceeds of the same together with any residual cash accrued in such trust, net of all appropriate expenses, to the Company forthwith after the sale. Given the volume of the 15,395,000 Shares held under the 2016 Share Award Scheme, the Company and TMF Trustee have agreed that, subject to market conditions, TMF Trustee will dispose of such Shares on-market by batches.

Directors

The Directors during the Year and up to the date of this report are:

Chairman

Mr. Yu Feng (Non-executive Director)

Executive Director

Mr. Huang Xin (Interim Chief Executive Officer)

Non-executive Directors

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

Independent non-executive Directors

Mr. Qi Daqing
Mr. Chu Chung Yue, Howard
Mr. Xiao Feng
Mr. Liang Xinjun (appointed on 5 September 2025)

Directors (continued)

In accordance with article 103(A) of the Company's articles of association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules in respect of the Year and the Company considers that they are independent.

Changes of Directors' Information

There has been no change in the information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2025 interim report and up to the date of this report.

Directors of Subsidiaries

The following individuals have served as directors of the subsidiaries of the Company during the Year and up to the date of this report: Yu Feng, Huang Xin, Qi Daqing, Chan Man Ko, Zhang Xifan, Liu Shu-Yen, Xu Jinghui, Zhuo Shihao, Wong Gah Jih, Yu Tin Yau Elvin, Tse Chi Hung, Tiu Chi Ho, Qiao Yimin[1], Liu Zhiguang, Leung Pui Hong, Chen Junhui, Fang Yingxue, Ke Chi Yu, Wong Vivien, Zhang Ting, Li Wenjia, Wang Jing[1], Anneka Bavalia[1], Ellen Christian[1], Ng Yu Lam Kenneth[2], Gao Ariana Jiasui[2] and Jiao Qi[2].

Notes:

1 Companies in which they serve as directors are incorporated in jurisdiction outside Hong Kong

2 No longer directors of the subsidiaries as at the date of this report

Directors' Service Contracts

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year, or to pay compensation or make other payments equivalent to more than one year's emolument.

Directors' and chief executive's interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporations

As at 31 December 2025, the interests and short positions of each director of the Company and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules, or known to the Company, were as follows:

Long positions in the ordinary shares of the Company and the underlying Shares:

		Number of Shares held	
Name of Director	***Capacity/Nature of interests***	***Long position***	***Percentage of shareholding***
Mr. Yu Feng *(Note1)*	Held by controlled corporation/Corporate interest	1,827,641,279	45.02%

Note:

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

Directors' and chief executive's interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (continued)

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

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

Notes:

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

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

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/ or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

Directors' Rights to Acquire Shares

Save as disclosed elsewhere in this report, at no time during the Year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any other body corporations.

Substantial Shareholders' and Other Persons' Interests in Shares

As at 31 December 2025, the Company was notified of the following substantial Shareholders' and other persons' interests, being 5% or more of issued Shares and recorded in the register kept under Section 336 of the SFO.

		Number of Shares held	
Name of Substantial Shareholder	***Capacity/ Nature of interests***	***Long position***	***Percentage of shareholding***
Mr. Yu Feng *(Note 1)*	Held by controlled corporation / Corporate interest	1,827,641,279	45.02%
Yunfeng Financial Holdings Limited *(Note 1)*	Held by controlled corporation / Corporate interest	1,827,641,279	45.02%
Key Imagination Limited *(Note 1)*	Held by controlled corporation / Corporate interest	1,827,641,279	45.02%
Jade Passion Limited *(Note 1)*	Beneficial owner / Beneficial interest	1,827,641,279	45.02%
Massachusetts Mutual Life Insurance Company	Beneficial owner / Beneficial interest	960,000,000	23.65%

Notes:

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

Save as disclosed above, as at 31 December 2025, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under divisions 2 and 3 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed elsewhere in this report, no transactions, arrangements or contracts of significance (i) to which the Company, its holding company or any of their subsidiaries was a party, and in which a Director or his connected entities was materially interested, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year, nor (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

Director's Interest in Competing Business

During the year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

Connected Transactions and Continuing Connected Transactions

The following persons, among others, are connected person of the Company:

- MMLIC, which holds approximately 23.65% of the issued Shares, and hence a substantial shareholder and a connected person of the Company under Rule 14A.07 (1) of the Listing Rules;

- Barings LLC, a limited liability company organized in the State of Delaware, the U.S.A. and an indirect wholly-owned subsidiary of MMLIC, and hence an associate of MMLIC and a connected person of the Company under Rule 14A.13 (1) of the Listing Rules.

- Mr. Yu Feng, the Chairman, a non-executive Director and a controlling shareholder of the Company indirectly interested in 45.02% of the issued shares of the Company and hence, a connected person of the Company under Rule 14A of the Listing Rules;

- Yunfeng Capital, a company incorporated in the Cayman Islands, owned as to 60% by Mr. Yu Feng, and hence an associate of Mr. Yu Feng and a connected person of the Company under Rule 14A of the Listing Rules;

- New Alternative, a company incorporated under the laws of British Virgin Islands with limited liability and a wholly-owned subsidiary of Yunfeng Capital, and hence an associate of Mr. Yu Feng and a connected person of the Company under Chapter 14A of the Listing Rules.

During the Year and up to the date of this report, the Group conducted the following connected transactions and continuing connected transactions that are not exempt from annual reporting requirement under Chapter 14A of the Listing Rules, in respect of which an announcement dated 07 March 2025 (the "2025 Announcement"), a circular dated 28 March 2025 (the "2025 Circular"), a circular dated 21 December 2017 (the "2017 Circular"), an announcement dated 15 November 2019 (the "2019 Announcement"), an announcement dated 30 December 2020 (the "2020 Announcement"), an announcement dated 12 November 2021 (the "2021 Announcement") and an announcement dated 14 November 2024 (the "2024 Announcement") were issued.

Connected Transactions and Continuing Connected Transactions (continued)

1. Connected Transactions

(1) Asset-Backed Hybrid Facility/Investment Agreement with New Alternative And Yunfeng Capital

Parties:	(1) YF Life (as lender); (2) New Alternative (as borrower); and (3) Yunfeng Capital (as guarantor).
Date:	7 March 2025
Principal terms:	YF Life, a non-wholly-owned subsidiary of the Company (as lender), New Alternative (as borrower) and Yunfeng Capital (as guarantor) entered into the AHF/I Agreement, pursuant to which YF Life agreed to provide New Alternative with a secured, non-revolving term loan facility in the principal amount of HK$7.6 billion, subject to the terms and conditions of the AHF/I Agreement. New Alternative shall use the funds from the Facility only for the purpose of making the Investments in compliance with the Investment Guidelines and for settling related management fees and other fees and/or expenses arising from the Investments, with Yunfeng Capital acting as investment manager and advising on the Investments. New Alternative shall pay at least the Base Interest, being simple interest rate of 5.5% per annum on the Outstanding Amount and, where applicable, the Bonus Interest, so that YF Life may receive, in total, interest income representing 80% of the net return from the Investments. Yunfeng Capital unconditionally and irrevocably guarantees to New Alternative the full and prompt payment and performance of all obligations under the AHF/I Agreement by New Alternative. Pursuant to the AHF/I Agreement, a share charge having been executed by Yunfeng Capital over the shares of New Alternative in favour of YF Life in respect of the obligations of New Alternative under and arising from the AHF/I Agreement is a condition precedent to any drawdown under the Facility. New Alternative also undertakes that it shall execute the share charge(s) in favour of YF Life over the shares of any SPV as security for the obligations of New Alternative under and arising from the AHF/I Agreement. The term of the AHF/I Agreement is twelve (12) years commencing on the next Business Day following 17 April 2025, i.e. the date on which Independent Shareholders' approval for the AHF/I Agreement was obtained. For the purpose of making the Investments and payment of fees and expenses, in the first six (6) years of the Term; and for the purpose of payment of fees and expenses only, in the second six (6) years of the Term.

Connected Transactions and Continuing Connected Transactions (continued)

1. Connected Transactions (continued)

(1) Asset-Backed Hybrid Facility/Investment Agreement with New Alternative And Yunfeng Capital (continued)

Principal terms:

Base Interest: Simple interest rate of 5.5% per annum on the Outstanding Amount, which shall accrue daily and is calculated on the basis of the actual number of days elapsed (first and last days inclusive) and a year of 365 days. New Alternative shall pay accrued Base Interest on the last Business Day of each quarter (being March, June, September and December), beginning from the quarter New Alternative or any SPV receives any return from the Investments until all Base Interest to which YF Life is entitled under the AHF/I Agreement is paid. However, New Alternative is not obligated to pay any Base Interest due in full in any quarter provided that the full amount of return from the Investments received by New Alternative or any SPV by the relevant quarter has been paid to YF Life.

Bonus Interest: Apart from and on top of the Base Interest, YF Life is entitled to the Bonus Interest, which shall be calculated as follows:

- (Total Investment Return – Total Utilised Amounts) x 80% – Base Interest
- Total Investment Return: the total amount of return generated from the Investments, including but not limited to (i) interest income, (ii) dividends (including scrip dividends), and (iii) proceeds from the disposals of the Investments received, such amounts as determined based on the audited accounts (consolidated where applicable) of New Alternative and all SPVs concerned.
- Total Utilised Amounts: the total aggregate amounts of drawdowns of the Facility made by New Alternative pursuant to the AHF/I Agreement.

The Bonus Interest is not payable if the resulting amount of the above formula is a negative figure.

The interest provisions in the AHF/I Agreement, which include the Base Interest and the Bonus Interest as described above, are structured in a way so that New Alternative shall pay at least the Base Interest, being simple interest rate of 5.5% per annum on the Outstanding Amount and also, where applicable, the Bonus Interest. Therefore, YF Life may receive, in total, interest income that represents 80% of the net return from the Investments.

For details, please refer to the 2025 Announcement and the 2025 Circular.

Connected Transactions and Continuing Connected Transactions (continued)

1. Connected Transactions (continued)

(1) Asset-Backed Hybrid Facility/Investment Agreement with New Alternative And Yunfeng Capital (continued)

Reasons for the transaction:	In connection with underwriting insurance policies, YF Life invests policy premiums to generate return that satisfy future insurance claims and dividend obligations. YF Life manages a diversified portfolio consisting of debt securities, mortgage loans, private debt, private equity, equity securities (including third-party managed alternative funds and other alternative investments including real asset investments) and cash for investment. With the aim of increasing the rate of return on YF Life's investment portfolio, which can in turn improve the investment income and profits of the Group, YF Life has consistently invested in debt securities and worked with various global asset managers, primarily in North America and Europe, who have demonstrated a superior and consistent investment track record. To meet the equity asset mix target, YF Life will continue to invest in third-party managed funds and may consider investment opportunities expected to generate equity-like investment returns with downside protection. In view of YF Life's investment practice and strategies, the Board considers that entering into of the AHF/I Agreement is in line with the ordinary and usual course of business of the Group. Under the AHF/I Agreement, YF Life may receive a total interest income that represents 80% of the net return of the Investments, including the Base Interest of 5.5% simple interest rate per annum, which is guaranteed. The key transaction terms were determined after arm's length negotiations between the parties with reference to (i) YF Life's investment yield of 5.5% in debt securities purchased in 2024 (with an average duration of over 14 years versus the 12-year Term of the AHF/I Agreement); (ii) the share charges over the shares of New Alternative and the SPV(s); and (iii) the Bonus Interest, which together with the Base Interest, represents 80% of the net return of the Investments. In assessing the Bonus Interest, the Group has considered Yunfeng Capital's 15-year established track record. In particular, YF Life has evaluated the investment track record of Yunfeng Fund, L.P. ("YF Fund I") and Yunfeng Fund II, L.P. ("YF Fund II"), being completed or maturing funds, which have been incepted for more than 12 years and managed by Yunfeng Capital. YF Fund I and YF Fund II generated over 31% and 20% net internal rates of return (net of fees and expenses since inception of the respective fund up to 31 December 2023), respectively.

Connected Transactions and Continuing Connected Transactions (continued)

1. Connected Transactions (continued)

(1) Asset-Backed Hybrid Facility/Investment Agreement with New Alternative And Yunfeng Capital (continued)

Reasons for the transaction:	The grant of the Facility under the AHF/I Agreement is consistent with YF Life's investment management approach of achieving a diversified investment portfolio. Under the AHF/I Agreement, the Base Interest offers an investment return similar to the yield generated from debt securities acquired by YF Life. On the other hand, the Bonus Interest may offer an equity-like investment return consistent with other private equity funds, which typically provide for the general partner or the fund manager to receive a carried interest of 20% of the net return of the investments of the private equity funds, allowing the investors to retain the remaining 80%. Together with the credit enhancement terms, including but not limited to the share charges of New Alternative and the SPV(s), the AHF/I Agreement generates investment return through a credit-enhanced structure from its underlying diversified portfolio to be constructed by Yunfeng Capital in compliance with the Investment Guidelines.

Connected Transactions and Continuing Connected Transactions (continued)

2. Continuing Connected Transactions

(1) Barings Investment Advisory Agreement and Renewal of Barings Investment Advisory Agreement

Parties:	Barings LLC and YF Life
Date:	15 December 2017
Principal terms:	Pursuant to the Barings Investment Advisory Agreement, YF Life agreed to engage Barings LLC as its investment adviser to acquire, manage, service and dispose of investments for YF Life. The assets and the type and amount of assets to be managed by Barings LLC pursuant to the Barings Investment Advisory Agreement will be determined by the investment committee of YF Life from time to time. The initial term of the Barings Investment Advisory Agreement commenced from the 16 November 2018 to 15 November 2021, subject to Automatic Renewal Provisions. The Barings Investment Advisory Agreement was subsequently automatically renewed for three successive one-year terms from 16 November 2021 to 15 November 2024. Upon the expiry of the term on 15 November 2024, the Barings Investment Advisory Agreement was automatically renewed commencing from 16 November 2024 for an additional year, subject to Automatic Renewal Provisions thereafter ("Renewal of Barings Investment Advisory Agreement"). Either party may terminate the Barings Investment Advisory Agreement upon 30 days' written notice to the other party. The Company will re-comply with the applicable requirements under the Listing Rules as and when the Barings Investment Advisory Agreement is renewed after the expiry of the current term. For details, please refer to the 2020 Announcement, 2021 Announcement and the 2024 Announcement. The Barings Investment Advisory Agreement was negotiated by the Company, YF Life and MMLIC on an arm's length basis and entered into on normal commercial terms.

Connected Transactions and Continuing Connected Transactions (continued)

2. Continuing Connected Transactions (continued)

(1) Barings Investment Advisory Agreement and Renewal of Barings Investment Advisory Agreement (continued)

Pricing terms: YF Life will pay to Barings LLC fees calculated at rates based on asset type on a quarterly basis in arrears. The fee rates range from 0.25 basis points to 100 basis points of the average net asset value of those respective portfolios of securities, cash and other property in the account for which YF Life has designated to Barings LLC for investment management as of the last business day of each month in the current quarter.

Such fee rates were determined based on arm's length negotiations taking into account the type of assets to be managed by Barings LLC. The Company has assessed the business needs of YF Life for the services under the Barings Investment Advisory Agreement. The Company considered (i) the historical amounts of fees paid by YF Life to Barings LLC; (ii) the historical fee rates charged by Barings LLC; and (iii) the fee rates for comparable services offered by two other competent independent third-party service providers which the Company considered to be fair and representative given that such independent third-party service providers offer comparable investment advisory services to clients in Hong Kong. The Company considers that the fee rates offered by Barings LLC are in line with the market rates offered by other competent independent third-party providers for comparable services as a whole.

Reasons for the transaction: In connection with underwriting insurance policies, YF Life invests policy premium, to generate sufficient return for satisfying future insurance claims and dividend obligations. Barings LLC has assisted YF Life in executing its long term investment asset allocation strategies since the year 2000. The continuation of Barings LLC's asset management services will not only avoid the operational risks resulting from contracting a new asset manager but will also avoid any material disruptions in the execution of YF Life's long term asset allocation strategies.

Annual caps: The maximum aggregate annual amount of fees payable by YF Life to Barings LLC for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 shall not exceed the caps set out below:

	Proposed Annual Cap for the Year Ending 31 December (HKD million)		
	2025	***2026***	***2027***
Total fees	116	124	130

Connected Transactions and Continuing Connected Transactions (continued)

2. Continuing Connected Transactions (continued)

(2) Policies Endorsement Fee Agreement and Renewal of Policies Endorsement Fee Agreement

Parties:	MMLIC and YF Life
Date:	15 December 2017
Principal terms:	Between 2004 and 2014, YF Life underwrote approximately 300 life insurance policies which included a claims payment endorsement by MMLIC, which would be triggered in the event of insolvency of YF Life. Pursuant to the Policies Endorsement Fee Agreement, MMLIC agrees to continue to provide such endorsement to the outstanding policies underwritten by YF Life until such policies mature for a guarantee fee.

Upon the occurrence of several triggering events, including the solvency ratio of YF Life falling below an agreed level and not being remedied within a certain agreed period, a change of control of YF Life, or the independent shareholders of the Company failing to approve the fee payable to MMLIC for maintaining its endorsement to the outstanding policies, MMLIC will have the right to require YF Life to cede to MMLIC the rights and obligations of YF Life under the life insurance policies which include the claims payment endorsement by MMLIC, and YF Life shall transfer assets (of a value equivalent to the obligations or liabilities of YF Life attributable to such life insurance policies) to MMLIC. The value of the obligations to be assumed, and therefore the amount of assets and the selection of the assets to be transferred, will be determined by MMLIC and YF Life in good faith if any triggering event takes place.

On 15 December 2017, YF Life and MMLIC entered into the Policies Endorsement Fee Agreement, pursuant to which MMLIC agrees to provide claims payment endorsement to the outstanding life insurance policies underwritten by YF Life for a guarantee fee for an initial period of three years commencing from 16 November 2018 to 15 November 2021, subject to Automatic Renewal Provisions. The Policies Endorsement Fee Agreement was subsequently automatically renewed for a term of three years from 16 November 2021 to 15 November 2024. Upon the expiry of the term on 15 November 2024, the Policies Endorsement Fee Agreement was automatically renewed commencing from 16 November 2024 for a further 3-year term until 15 November 2027, subject to Automatic Renewal Provisions thereafter (“Renewal of Policies Endorsement Fee Agreement”). For details, please refer to the 2020 Announcement, 2021 Announcement and the 2024 Announcement.

The Policies Endorsement Fee Agreement was negotiated by the Company, YF Life and MMLIC on an arm’s length basis and entered into on normal commercial terms.

Connected Transactions and Continuing Connected Transactions (continued)

2. Continuing Connected Transactions (continued)

(2) Policies Endorsement Fee Agreement and Renewal of Policies Endorsement Fee Agreement (continued)

Pricing terms: YF Life will pay to MMLIC a fee calculated semi-annually in arrears at a rate of 0.18% of the average account value of the outstanding life insurance policies as of the last business day of each six-month period. The fee rate was determined after arm's length negotiations with reference to the average default rates of corporates with investment credit ratings ranging from A- to BBB- published by S&P Global.

Given that the claims payment endorsement by MMLIC is a term of the life insurance policies and that YF Life cannot unilaterally revise or cancel the claims payment endorsement term without the consent of each of the relevant policyholders, there are no comparable arrangements which YF Life may obtain from independent third parties to replace such claims payment endorsement by MMLIC under the policies.

Reasons for the transaction: The Company believes it is important to assure policyholders of the outstanding life insurance policies that the acquisition of YF Life by the Company pursuant to the share purchase agreement dated 17 August 2017 will not result in any change to the terms of their existing policies, including the claims payment endorsement by MMLIC.

Annual caps: The maximum aggregate annual amount of fees payable by YF Life to MMLIC for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 shall not exceed the caps set out below:

	Proposed Annual Cap for the Year Ending 31 December (HKD million)		
	2025	**2026**	***2027***
Total fees	4.9	5.1	5.3

The aggregate amount paid by the Group in respect of, the Barings Investment Advisory Agreement and the Renewal of the Barings Investment Advisory Agreement, the Policies Endorsement Fee Agreement and Renewal of Policies Endorsement Fee Agreement for the year ended 31 December 2025 is approximately HK$84,287,000 (being 73% of the annual cap for 2025.), HK$3,701,000 (being 76% of the annual cap for 2025) respectively.

Connected Transactions and Continuing Connected Transactions (continued)

All the independent non-executive Directors, having reviewed the transactions under the Barings Investment Advisory Agreement and the Renewal of the Barings Investment Advisory Agreement and the Policies Endorsement Fee Agreement and Renewal of Policies Endorsement Fee Agreement (the "2025 CCTs"), confirmed that such transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the Shareholder as a whole.

The Company has engaged its external auditor to report on the 2025 CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the external auditor of the Company has confirmed in its letter to the Board that nothing has come to its attention which caused it to believe that:

(i) the 2025 CCTs have not been approved by the Board;

(ii) the 2025 CCTs were not entered into, in all materials respects, in accordance with the relevant agreements governing such transactions;

(iii) the aggregate amount paid by the Group in respect of the 2025 CCTs has exceeded the annual cap of 2025 as disclosed in the 2024 Announcement.

During the Year, the Group did not have any connected transactions that were subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A summary of all related parties transactions entered into by the Group during the Year is contained in Note 40 to the consolidated financial statements. All the related parties transactions described in the said note do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules, other than transactions under the Barings Investment Advisory Agreement and the Renewal of the Barings Investment Advisory Agreement as described in Note 40 which falls under the definition of "continuing connected transaction" under the Listing Rules and was disclosed previously by the Company pursuant to the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the Year.

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.

Major Suppliers and Major Customers

During the Year, revenue derived from the Group's 5 largest customers are less than 30% of total revenue from sales of the Group.

The Group is a provider of insurance business and financial services. In the opinion of the Board, it is therefore of no value to disclose details of the Group's suppliers.

Save as disclosed elsewhere in this report, none of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors own more than 5% of the issued Shares, had an interest in the major customers.

Charitable Donations

Charitable donations made by the Group during the Year amounted to HK$10,000,000 (2024: nil).

Corporate Governance

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practice of the Company is set out in the Corporate Governance Report of this announcement.

Indemnity of Directors

A permitted indemnity provision as set out in the articles of association of the Company that provides for indemnity against liability incurred by directors and executive officers of the Group is currently in force and was in force throughout the Year.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient public float of the Company's securities as required under the Listing Rules.

Independent Auditors

The consolidated financial statements have been audited by KPMG who will retire at the forthcoming annual general meeting of the Company. A resolution for reappointment of KPMG will be proposed for Shareholders' approval at the forthcoming annual general meeting.

Review by Audit Committee

As at the date of this report, the Audit Committee comprised three independent non-executive Directors. The Audit Committee is chaired by Mr. Chu Chung Yue, Howard with Mr. Qi Daqing and Mr. Xiao Feng being the other members. The terms of reference of the Audit Committee are in line with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules. The Group's consolidated financial statements for the Year have been reviewed by the Audit Committee.

Subsequent Events

The Company adopted a new Company logo with effect from 26 March 2026. The new Company logo, as shown below, is for identification purposes only.

The adoption of the new Company logo does not affect any rights of the existing shareholders of the Company. All existing share certificates of the Company in issue will continue to be valid documents of title to such shares of the Company and will remain valid for trading, settlement, registration and delivery purposes. Accordingly, no arrangement will be made for the free exchange of existing share certificates of the Company for new share certificates bearing the new Company logo solely as a result of the adoption of the new Company logo.

The Company will continue to issue the existing share certificates (without the new Company logo) that are currently in inventory until such stocks is fully utilised. Thereafter, new share certificates bearing the new Company logo will be issued.

Environmental Social and Governance Report

MESSAGE OF THE BOARD

The Board of Directors (the "Board") of Yunfeng Financial Group Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to present our Environmental, Social, and Governance Report ("ESG Report"). As an innovative fintech company, the Group recognises that sustainable development is essential to creating long-term value for our stakeholders. We are committed to integrating sustainability considerations into our operations and investment decisions to deliver sustainable returns for our shareholders.

Strengthening ESG governance and managing climate-related risks

The Board is responsible for overseeing the Group's Environmental, Social, and Governance ("ESG") vision, objectives, and strategies. It reviews the Group's performance on ESG-related matters, including climate-related risks and opportunities. During the year, Board members were provided with ESG and climate-related reading materials and insights to ensure they remain informed about evolving regulatory requirements and industry best practices, enabling them to make well-grounded decisions and provide effective strategic oversight. In addition, the Group conducted stakeholder interviews and surveys to assess and prioritise the ESG issues that are most material to our operations and key stakeholders, further strengthening our governance framework and ensuring our strategic focus is aligned with stakeholder expectations.

Managing our environmental footprint

Given that our operations have a relatively low impact on environmental resources, we nonetheless remain committed to further minimising our operational environmental footprint. For example, we have adopted paperless practices to reduce reliance on traditional paperwork, enhance efficiency, and increase operational flexibility. In addition, to better address the growing uncertainties brought about by climate change, we strengthened our climate-related actions during the year by conducting a comprehensive assessment to identify the climate-related risks and opportunities relevant to our insurance businesses. The insights from this process support more informed decision-making, help us anticipate emerging challenges, and guide the development of long-term strategies to enhance business resilience.

Empowering our people

Our sustainable growth is deeply rooted in the dedication and expertise of our employees. The Group is committed to fostering a healthy and supportive work environment where our people can thrive. To this end, we offer structured training and development programmes that equip employees with the essential professional skills needed in today's dynamic financial landscape. Beyond career development, we also prioritise employee well-being through comprehensive welfare and compensation offerings, ensuring our team remains motivated to reach their full potential and contribute to a cohesive and resilient workforce.

Standing with our communities

The Group recognises that our responsibility extends beyond our core operations to the well-being of the communities we serve. We are committed to directing our resources toward meaningful community investment initiatives that create lasting positive impact. During the year, we continued to organise the "YF Life Jr. Space Camp Programme", an educational initiative aimed at broadening children's horizons and inspiring their interest in space exploration. In response to the Tai Po fire incident, we also contributed HK$5,000,000 to the Hong Kong Federation of Insurers-led Donation supporting the government's "Support Fund for Wang Fuk Court in Tai Po", helping affected residents rebuild their lives. These efforts underscore our dedication to supporting community resilience, nurturing future generations, and standing firmly with those in need.

Steering toward a sustainable future

As the environmental landscape continues to evolve, we remain committed to monitoring our performance and advancing our ESG objectives to support long-term, responsible growth. We extend our sincere gratitude to all our stakeholders for their continued trust and support. Looking ahead, we will remain dedicated to creating enduring value and shaping a more sustainable future.

ABOUT THIS REPORT

Our Business

Listed on the Main Board of The Stock Exchange of Hong Kong Limited, Yunfeng Financial Group Limited principally engages in the provision of insurance products through YF Life, as well as other financial services covering brokerage, wealth and asset management, fintech business and principal investment.

Through YF Life, we are authorised by the Insurance Authority to conduct long-term insurance business in Hong Kong. Based in Hong Kong with branch offices in Macao, we provide a wide range of insurance products, including life insurance, medical insurance, annuities, pensions, and mandatory provident fund schemes. YF Life is also one of the first (and few) insurance companies to introduce annuities in the region.

Reporting Standards and Principles

Yunfeng Financial Group Limited (the "Company", and together with its subsidiaries, the "Group") is committed to incorporating sustainability factors into our operation and investment, delivering sustainable returns to our shareholders.

To communicate our efforts on environmental, social, and governance ("ESG") matters, this Environmental, Social and Governance report ("ESG Report") has been prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Code ("ESG Code") set out in Appendix C2 of the Rules Governing the Listing of Securities on Stock Exchange.

In preparation of this ESG Report, the Group adheres to the four reporting principles in the ESG Code:

Reporting principles	Application in this ESG Report
Materiality	Material ESG issues were identified through materiality assessment and prioritised with inputs from the Group's stakeholders. The process of materiality assessment and list of our key stakeholders can be found in the "Stakeholder Engagement and Materiality Assessment" section of this Report.
Quantitative	The Group accounts for and discloses ESG key performance indicators ("KPIs") quantitatively to evaluate the effectiveness of ESG policies and strategies.
Balance	This ESG Report aims to disclose data in a transparent manner, providing stakeholders an unbiased overview of the Group's overall ESG performances with both achievements and areas of improvement.
Consistency	The Group adopts consistent methodology in compiling ESG data reported in previous years to allow a meaningful comparison of ESG performance over time. Any updates in the methods or KPIs used are disclosed.

Reporting Scope and Boundary

This ESG Report covers the ESG policies and performance of the Group's operation in all jurisdictions from 1 January 2025 to 31 December 2025 ("reporting period"). The boundary includes our primary insurance business under YF Life and other non-insurance financial services, including brokerage, wealth and asset management, fintech business and principal investment.

The scope of this ESG Report predominantly includes all offices of the Group in Hong Kong S.A.R. ("Hong Kong"), Macao S.A.R. ("Macao"), and the Mainland of the People's Republic of China ("PRC"). The reported ESG data covers the below offices of the Group:

- Eleven offices and one warehouse in Hong Kong;
- Two offices in the PRC; and
- Two offices in Macao.

Contact

We welcome your comments and feedback regarding the content of this ESG Report, the reporting approach, and our ESG performance. Please share your views at: ir@yff.com.

OUR APPROACH TO ESG

ESG Governance and Risk Management

The Board is responsible for overseeing the Group's ESG vision, objectives and strategies. It reviews the Group's performance on ESG-related issues, including climate-related risks and opportunities, and evaluates the nature and extent of the risks that it is willing to take whilst achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness regularly) to safeguard shareholders' investment and the Group's assets. To ensure the Group's ESG strategy remains aligned with the evolving landscape of ESG-related risks, the Board reviews ESG (including climate-related) risks and opportunities as part of its agenda on an annual basis.

To ensure the Board stays informed about emerging climate-related risks and opportunities, members of the Board receive periodic training materials on climate-related issues. During the year, they were provided with reading materials on ESG and climate-related trends and insights. We will continue to review the need for tailored training to build capability and ESG refresher course to support effective oversight.

While the Board's compensation is not currently linked to the Group's ESG performance and environmental-related targets, we recognise the benefits of such alignment in supporting the achievement of ESG goals. We will continue to evaluate opportunities to incorporate relevant ESG considerations into future compensation frameworks.

Within the insurance business of the Group ("Main Subsidiary"), its board of directors (the "Board of Subsidiary") has established its own Audit Committee and Board Risk Committee to provide guidance and support on risk management and internal controls. These committees regularly report to the Board of Subsidiary together with the management of the Main Subsidiary of the Group ("Management of Subsidiary"). In turn, the Board of Subsidiary reports to the management of the Group.

To support the Main Subsidiary's risk management work, the Management of Subsidiary established the Risk Management Committee, which is responsible for the continuous identification, monitoring, and reporting of risks to the Board Risk Committee, including climate-related risks and opportunities. The Management of Subsidiary also authorises key management to supervise the internal audit functions and report identified control weaknesses to the Audit Committee.

As an organisation operating in the financial and insurance services sector, the Group is required to comply with all related laws and regulations, including the Hong Kong Securities and Futures Ordinance and the Insurance Ordinance. The internal control system is supervised by the Group's senior management, which consists of executive directors and heads of business functions from operations, finance, risk management, information technology, legal, and compliance teams. They are responsible for the regular review of the overall risk management and effectiveness of internal controls across non-insurance businesses.

To effectively manage ESG-related matters, coordinators from both the insurance and non-insurance sectors work closely with various departments to identify and address key ESG issues. They gather both quantitative and qualitative data to support ongoing monitoring of ESG performance and the preparation of the ESG report. The coordinators report directly to management and the Board, helping to ensure the Group's ESG performance remains aligned with its strategic objectives.

Regarding the details of corporate governance, please refer to the Corporate Governance Report section of this announcement.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Maintaining open and transparent communication with our stakeholders is important for us to understand their views on the issues that concern them the most. We have identified the following stakeholder groups and engage them regularly through various communication channels to gather their feedback and concerns.

Summary of key stakeholders' communication channels and topics

Stakeholder groups	Communication and feedback channels	Frequency	Topics of discussion
Employees	• Meetings • Performance reviews • Internal email correspondences	• Monthly • Annually • Event-driven basis	• Talent attraction, development, and retention
Shareholders	• Annual general meetings ("AGM"), extraordinary general meetings ("EGM") • Announcements, annual reports, interim reports, circulars	• Annually for AGM • Ad hoc for EGM • Event-driven basis for other channels	• Business development • Financial performance • Corporate governance • Major corporate actions and transactions
Regulators	• Correspondence mails/emails • Phone calls • Site visits	• On need basis • Event-driven basis	• Compliance with regulations • Business updates
Clients	• Know-your-client (KYC) onboarding process • Face-to-face meetings with our business representatives • Phone calls and emails with our client service representatives	• Meeting/phone calls, and emails on an event-driven basis • Electronic trading platform on an event-driven basis	• Product and trading system quality and development • Fair and transparent dealing practice • Enterprise branding

Business partners	• On-site visits • Meetings • Conference calls	• Event-driven basis	• Business development • Fair business practice and market reputation • Sound financial strength and management
Media	• Press releases • Marketing campaigns • Exhibitions	• Event-driven basis	• Business development and strategies • Product and service promotion
Communities	• On-site visits • Meetings	• Event-driven basis	• Policy and commitment to communities

Materiality Assessment

We conducted stakeholder interviews and surveys to assess which ESG issues are material to our operations and key stakeholders. The results are reviewed regularly in response to significant changes in our operating environment and updates in ESG reporting standards.

We prioritise the social aspect over the environmental aspect considering their materiality, with the most important issues being anti-corruption, customer privacy, and the health and safety of our employees. Moving forward, the Group will continue to engage with our stakeholders regularly to identify ESG risks and opportunities related to our business operations and monitor any changes in the sustainability reporting trends.

EMPLOYMENT AND LABOUR PRACTICE

The Group recognises that attracting and retaining talent is a cornerstone of our business sustainability. As our employees are our greatest asset, we strive to foster a workplace culture rooted in fairness, respect, diversity, inclusion, safety, and equity, which enables all individuals to thrive and contribute effectively to achieving our business objectives. Our human resources practices are governed by YF Life and the Group's Employee Handbook, which documents guidelines and conditions of employment, promotion, benefits and remuneration, training and development, and business conduct in accordance with relevant laws and regulations.

Employment

Talent Recruitment and Retention

We offer our employees a broad range of welfare and compensation offerings to attract and retain talents. These include share option and share award schemes, retirement and medical benefits, insurance coverage, and leave entitlement, all of which are aligned with market standards.

Our success is built upon the collective contribution of our employees. Recognising the importance of shared success, we reward individuals based on their annual appraisals. Additionally, we provide career development opportunities, such as the internal mobility programme, enabling employees to unleash their full potential while gaining exposure to diverse teams and clients.

Diversity and Equal Opportunity

The Group values a diverse workforce as it enables us to attract a wide variety of talents. We are committed to adhering to our Equal Employment Opportunity Policy, protecting employees' fundamental rights and maintaining fair and unbiased human resources management practices across recruitment, promotion, salary administration, and training opportunities. All employment decisions are made based on bona fide occupational requirements. We strictly prohibit any form of discrimination, harassment, bias, or prejudice against employees and job candidates due to their gender, age, disability, family status, race, marital status, or other statuses protected by local laws.

Employees are encouraged to report any suspected instances of non-compliance or violations to the Human Resources Department through designated whistle-blowing channels without fear of reprisal. Upon receipt of the suspected case, a thorough investigation will be conducted while maintaining the confidentiality of the whistle-blower's identity. Shall any cases be confirmed as violations, appropriate disciplinary measures will be implemented, which may include termination of employment for those involved.

To enhance leadership and corporate governance, the Group has established a Board Diversity Policy, underscoring our commitment to non-discrimination and equal opportunity. This policy provides guidance for achieving board diversity by considering a range of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age, and length of service. For further details, please refer to the Corporate Governance Report section of this announcement.

Labour Practices

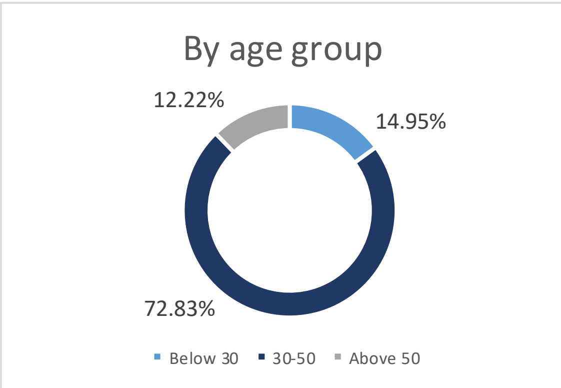
The Group adopts a zero-tolerance approach to all forms of child, illegal and forced labour practices. We strictly comply with all applicable laws and regulations in the jurisdictions where we operate, such as the Employment of Children Regulations and other regulations under the Employment Ordinance of Hong Kong. All job candidates are required to provide valid personal identification documents during the recruitment process for verification purposes.

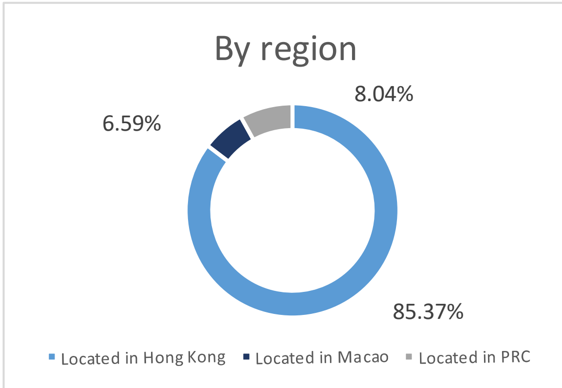
During the reporting period, we were not aware of any instance of non-compliance with relevant laws and regulations that have a significant impact on the Group related to human rights.

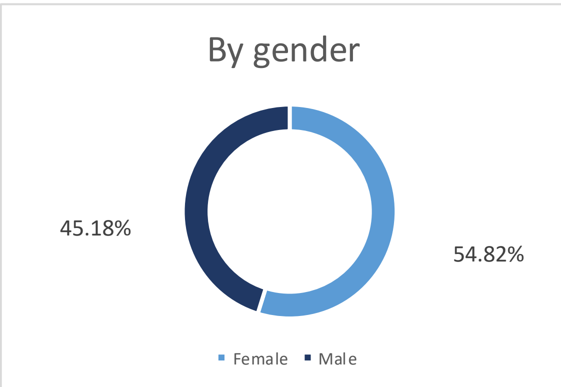
Our Workforce

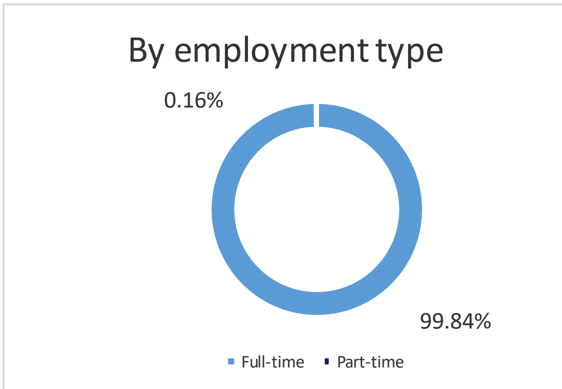
As of 31 December 2025, we have a total of 622 employees and 15 outsourced employees[1]. Out of these, 531 employees are located in Hong Kong, 41 in Macao, and 50 in the PRC.

A breakdown by gender, geographical region, age group and employment type is shown below:









[1] Outsourced employees are excluded from the employee data in this report, including employee breakdown, turnover and training data.

In 2025, the overall turnover rate was 28.97%. A breakdown by gender, geographical region, and age group is provided in the table below:

Employee Turnover and Turnover Rate (%)

	2025	2024
Total	**178 (28.97%)**	**174 (28.57%)**
By gender		
Male	86 (31.22%)	86 (31.10%)
Female	92 (27.14%)	88 (26.47%)
By geographical region		
Hong Kong	161 (30.26%)	161 (30.29%)
Macao	1 (2.56%)	7 (18.18%)
PRC	16 (36.78%)	6 (15.38%)
By age group		
Below 30	27 (29.51%)	67 (68.37%)
30-50	120 (27.12%)	83 (19.42%)
Above 50	31 (38.51%)	24 (28.74%)

Regulatory Compliance

During the reporting period, the Group adhered to the Employment Ordinance of Hong Kong and other relevant regulations in applicable jurisdictions. We did not identify any instance of non-compliance that had a significant impact on the Group related to the prevention of child or forced labour.

Employee Health and Safety

The health and safety of our employees are of paramount importance to the Group. To safeguard our employees from occupational risks, we are committed to maintaining a safe and healthy working environment. We strictly adhere to applicable laws and regulations, including the Occupational Safety and Health Ordinance and the Fire Safety (Commercial Premises) Ordinance in Hong Kong. While our employees generally do not engage in high-risk activities, we conduct regular safety inspections to ensure compliance with relevant regulations and to uphold a secure office environment. An annual fire drill is held to enhance safety awareness among our employees and to mitigate potential safety risks within the office.

The Group has also implemented measures to support the overall well-being of employees and foster a supportive work atmosphere. These include providing a medical insurance scheme that covers various services, such as clinical visits, hospitalisation benefits, dental benefits, specialist visits, and health check-ups.

During the reporting period, we adhered to relevant laws and regulations and were not aware of any incident of non-compliance related to health and safety that had a significant impact on the Group.

Occupational Health and Safety Performance in 2025

Work-related fatality from FY2023 to FY2025: 0

Work-related injuries: 0

Lost days due to work-related injuries: 0

Development and Training

The Group prioritises the development of its employees across all stages of their careers, supporting their long-term professional and personal advancement. To achieve this, we have structured training programmes tailored to the specific needs of employees according to their job levels. For new hires, we provide an orientation programme that covers our core values, their roles and responsibilities, legal compliance, product knowledge and sales techniques, followed by an introduction to their mentors.

Furthermore, we offered specialised training programmes for management staff on leadership skills and to enhance their ability to discharge managerial responsibilities effectively.

Throughout the year, YF Life actively engaged in a mentorship programme organised by the University of Hong Kong, providing valuable guidance and support to three actuarial students who served as mentees in its actuarial department. This initiative reflects our commitment to fostering talent and contributing to the professional development of future leaders in the industry.

In 2025, the training provided by the Group is summarised as follows:

Percentage of trained employees by category	
By gender	
Male	83.27%
Female	92.08%
By employment category	
Management	68.75%
Non-management	89.15%

Average training hours	
By gender	
Male	3 hours
Female	3 hours
By employment category	
Management	3 hours
Non-management	3 hours

In addition to training for our employees, to ensure that our agents comply with the regulatory requirements, we offer regular legal compliance online refresher training on various topics, including anti-money laundering, direct marketing, and data privacy. Completing these compliance training sessions is mandatory for all agents, and non-compliance may lead to the termination of their agency contracts. Additionally, we have established an Internal Compliance Guide specifically for agents handling insurance sales to clients in mainland China, detailing the necessary compliance requirements.

Apart from the above-mentioned training, we encourage our employees at YF Life to participate in the Designation Programmes offered by the Life Office Management Association (LOMA). These programmes cover areas such as customer service, reinsurance and compliance, providing our staff opportunities to learn about various aspects of the insurance industry and acquire essential skills to stay abreast of the changing market conditions. To further support our employees' professional growth and continuous learning, we provide course fee reimbursement and grant examination leave for those pursuing self-improvement courses.

Our organisational culture emphasises employee growth through a diverse range of training opportunities, both internal and external, covering areas beyond insurance and compliance, such as team building, FATCA[2] and CRS[3] updates, SFC[4] seminars with regulatory updates, financial reporting updates, anti-money laundering and counter financing of terrorism, cybersecurity, and data breaches, and refresher training on compliance matters.

To ensure our employees remain up-to-date with the latest industry developments, we regularly review our training materials and content. This practice helps us enhance the Group's business development and successive planning needs.

[2] Foreign Account Tax Compliance Act
[3] Common Reporting Standard
[4] Securities and Futures Commission

OPERATION PRACTICES

Product Responsibility

We aim to achieve service excellence by delivering high-quality insurance products and other financial services to our customers. The industries we operate in are highly regulated by governing bodies and regulators such as the Hong Kong Securities and Futures Commission ("SFC"), Hong Kong Insurance Authority, Hong Kong Mandatory Provident Fund Schemes Authority, and the Monetary Authority of Macao. We maintain strict compliance with relevant laws and regulations including on sales practice, Know-your-client ("KYC") checks, credit control, compliance, risk disclosure, information protection and data security, as well as trademarks and intellectual property.

To ensure our employees consistently deliver quality services, all are required to complete compliance refresher training regularly. During the reporting period, there were no incident of non-compliance against relevant laws and regulations related to our products and services that had a significant impact on the Group.

Providing Quality Insurance Products and Services

Our insurance products are designed to provide financial security and assist customers to manage unforeseen events and their lifelong planning. We are committed to delivering high-quality products to our customers while adhering to all relevant laws and regulations. To stay aligned with market trends and customer needs, we regularly collaborate with various institutions to conduct market research, ensuring our products remain responsive to evolving demands.

As our primary link to customers, all our agents are licensed in accordance with the regulations set by the Hong Kong Insurance Authority and the Monetary Authority of Macao. Before being authorised to distribute YF Life insurance products, they must meet all legal and internal requirements established by YF Life. In addition to adhering to the Hong Kong Insurance Authority's Code of Conduct for Licensed Insurance Agents and industry's best practices, our agents are required to conduct business in accordance with our Agent Handbook. To ensure consistent delivery of high-quality services and accurate representations of product features, we maintain regular communication and provide ongoing education to our agents about our insurance products.

We also have an Internal Compliance Guide for Sales to PRC customers in place, which serves as a guidance for our staff and agents when interacting with PRC customers, outlining the "Dos and Don'ts" across various daily practices, from sales and mentoring to internal training and qualification requirements. Agents must strictly adhere to these internal requirements without exceptions.

Our commitment to maintaining high service standards extends to the post-sales phase. We adhere to industry practices issued by the Hong Kong Insurance Authority, such as making audio-recorded calls to reaffirm clients' understanding of the insurance policies they have purchased, including both investment-linked and life insurance products. Furthermore, we engage third-party Mystery Shopper Programmes on an irregular basis to assess and ensure our agents' sales practices meet high professional standards.

Providing Quality Financial Products and Services

Our investment products are overseen by an investment committee led by the Group's Chief Executive Officer, which is responsible for all investment decisions and the process of launching new financial products and services. An internal approval process is established to govern the new product launching process and reduce relevant risks associated with new products. This process requires approvals from all relevant middle and back-office functions to ensure compliance with market practices and regulatory requirements.

We are dedicated to communicating updated and complete information to our customers so that they can make informed decisions in relation to their wealth and investment opportunities. Our communication materials are presented in a clear, concise and transparent manner to ensure that customers fully understand the terms and conditions. In addition, we offer a chatbot platform where clients could raise their concerns or inquire common questions. If their needs are not addressed through the chatbot, they will be promptly directed to our customer service representatives for further assistance.

Customer Privacy and Feedback

Information Security and Business Continuity

The Group is committed to safeguarding clients' confidentially and managing information security risks. At YF Life, we have established a Cybersecurity Policy and Information Security Policy, which outline our rationale for data collection, processing and preservation in accordance with the principles of confidentiality, integrity and availability.

We strictly comply with the Personal Data (Privacy) Ordinance in Hong Kong. Any breach of data protection obligations will result in disciplinary action. Access permissions are strictly limited to the minimum necessary to protect clients' data and avoid information leakage from unauthorised or accidental access and erasure. In addition, the fundamental principles for handling customer data are outlined in our Corporate Compliance Guide, ensuring that personal data are collected in a lawful and fair manner, solely for the purpose of providing services to clients when required. Employees who fail to maintain customer confidentiality are subject to internal disciplinary measures.

In response to the growing cybersecurity threat, the Group continuously strengthens our cybersecurity protections. To safeguard information against potential threats and minimise business risks, the Group has formulated systematic infrastructure security management strategies for preparing and responding to emergencies. Our infrastructure includes regular backup features at managed data centres, allowing us to switch to a backup server quickly in the event of a server failure and ensuring minimal service disruption. We also provide employees with cybersecurity training and updates on the latest cybersecurity risks to equip them with the knowledge and skills needed to identify and respond to cyber threats.

Customer Feedback

We aim to achieve service excellence by understanding the needs of our customers and striving to exceed their expectations. To facilitate effective communication and gather valuable insights, we provide various channels and platforms, including customer service hotline and email, for customers to share feedback and suggestions. Our customer service representatives are trained to handle complaints in a professional, pragmatic and efficient way. In addition, we regularly seek inputs from our front-line business units to identify room for improvement and implement corrective measures where practicable.

Intellectual Property Protection

We respect intellectual property rights and endeavour to protect the Group from reputational damages. The Group follows standardised intellectual property application procedures for our new trademark, labels, and product designs across all operations. In addition, all software used in our daily operations is legally licensed.

During the reporting period, we were not aware of any instance of non-compliance with laws and regulations regarding product responsibility that had a significant impact on the Group.

Anti-corruption

The Group has zero tolerance towards any forms of bribery, extortion, fraud or money laundering in our operation. To uphold the highest standards of integrity, our Corporate Compliance Guide outlines the ethical behaviour we expect from each employee. To prevent and combat corruption, business practices and controls are assessed at both the Group level and business unit levels. For example, all new joiners receive internal guidelines regarding their professional obligations upon joining the Group.

The Group complies with applicable laws and regulations related to anti-money laundering (“AML”) and Counter-Financing of Terrorism (“CFT”) to ensure that our products and services are not misused for these purposes. For our insurance business, a policy is established with reference to the Hong Kong Insurance Authority’s Guideline on Anti-Money Laundering and Counter-Terrorist Financing. This policy provides a clear mechanism for reporting issues related to money laundering and is periodically updated to align with the most recent legal requirements. All employees are expected to adhere to this policy, and any report supported with sufficient evidence will be promptly investigated, with appropriate actions taken to address the situation.

Our other financial services and entities regulated by the SFC under the Company are governed by our AML & KYC Policy and are based on the following fundamental principles:

- Exercising due diligence when dealing with customers, natural persons appointed to act on the customers’ behalf, connected parties of the customers and beneficial owners of the customers;

- Ensuring that all business activities adhere to the Group's ethical standards and avoid establishing any business relations or undertaking transactions that are connected to, or could potentially facilitate money laundering or terrorism financing;

- Assisting and cooperating with relevant law enforcement authorities to prevent money laundering and terrorism financing; and

- Providing annual training to all relevant employees to ensure that they are aware of their responsibilities and the protocols they need to adhere to.

The Group has implemented a Whistle-blowing Policy and a Speak-up Policy for its employees. This framework enables employees to report any suspected violations of compliance or misconduct anonymously, thereby allowing whistle-blowers to maintain the Group's ethical standards without concern of retaliation.

To improve corporate management, we have standardised our expenditures through the Regulations on Financial Expenditure Management, which clearly document specific approval requirements for different types and amounts of expenditures based on their nature.

To improve our employees' awareness and understanding of business ethics, we conducted an annual compliance training session during this reporting period, focusing on the prevention of corruption and bribery. This training not only emphasises the importance of ethical behaviour but also reinforces our commitment to maintaining a transparent and accountable workplace.

During the reporting period, there was no reported non-compliance related to bribery, extortion, fraud and money laundering.

Supply Chain and Counterparties Management

At YF Life, we are committed to upholding high standard of quality and social responsibility in our interactions with suppliers. The Group works with a range of suppliers to support our operations. By taking a prudent approach, we assess and select our suppliers based on their capabilities, pricing, certifications, availability of local support, and the potential benefits of leveraging additional services.

For our other financial services, efficient counterparty and transaction due diligence processes are essential to build lasting partnerships with our valued business partners. We adopt a decentralised ownership framework, where service/business users within the Company are responsible for selecting their counterparties and engaging in transactions. These users are required to gather sufficient information and use an appropriate mechanism to address different business, financial, legal, and compliance-related concerns raised by relevant internal functions. Once all concerns are resolved and cleared through the internal new business approval process, the proposed transactions are submitted to senior management for final approval and execution. Significant concerns and issues identified will be escalated to senior management and the Risk Oversight Committee for thorough review and discussion to determine the appropriate course of action.

In accordance with the Counterparty Management Policy, our teams in risk management, finance, legal, and compliance conduct a thorough review of transaction terms and documentation. They assess the necessity and depth of additional due diligence required for counterparties, taking into account the level of counterparty risk and the corresponding onboarding procedures. We have established clear guidelines on the activities and types of counterparties that the Company does not engage with, such as those proven to involve in child or forced labour, and certain transactions involving market misconduct, mis-selling, or negative publicity. To maintain service quality, we continuously monitor the market reputation and business practices of all existing counterparties.

To identify the most suitable service providers, the Group has developed a structured set of tendering and quotation procedures with tailored selection criteria in areas such as product/service quality, internal control framework and risk management strategies for operational risks, including credit, reputational and concentration risks.

The Group has extended its commitment to environmental protection and social compliance to our suppliers. We prioritise working with environmentally and socially responsible suppliers, where fair and equal employment practices are expected. Meanwhile, the Group has zero tolerance towards unethical treatment, illegal labour practices, and any form of discrimination. Regular performance monitoring and evaluation are carried out to assess and evaluate the performance of our suppliers and identify risks that may impact the Group.

To maximise automation and segregation of duties in internally developed service provision processes, the Group has established dedicated project management and quality control teams. These teams collaborate with different areas of operations, including product development, financial infrastructure, and application management. Their responsibilities include creating a procedural manual, conducting regular progress meetings and ensuring the delivery of quality services and products in alignment with the standard defined by senior management.

During the reporting period, the Group engaged with 79 suppliers, of which 12 are based in the PRC, 58 in Hong Kong, 6 in Macao and 3 overseas.

ENVIRONMENT AND COMMUNITY

Environment

Use of Resources

As a financial services provider, our operations have a relatively low impact on the environment and natural resources. Nevertheless, we are committed to implementing energy-efficient practices and technologies to further minimise our operational environmental impacts and proactively manage climate-related risks.

In the office environment of the Main Subsidiary, network units are the primary consumers of energy. To enhance energy efficiency in the network room, a 24x7 cooling system with an open-rack design is implemented. In the rented data centres, a 24x7 cooling technology system with airflow optimisation and an open-rack design is utilised to further reduce energy consumption.

To foster a green office culture, we adhere to the principles of reduce, recycle and reuse to maintain resource efficiency in our daily operations. Specific green practices adopted to enhance energy efficiency, reduce water consumption and manage paper usage include:

- Switching off idle lighting, air conditioning and electrical appliances to reduce energy consumption;
- Encouraging double-sided printing and using recycled paper for printing and copying;
- Encouraging the use of recycled envelopes for internal courier service;
- Encouraging staff to prioritise the use of email and electronic communications; and
- Setting up recycling bins in office areas.

YF Life has joined the Energy Efficiency of Lighting Installations initiative under the Buildings Energy Efficiency Ordinance. This ordinance requires professional engineers to assess energy usage and instruct E&M contractors to comply with regulatory standards. In new office renovations, LED lights are preferred over fluorescent lights to reduce electricity consumption.

Adopting a paperless operation has been an ongoing priority for the Group. This approach reduces our reliance on traditional paperwork and allows us to explore opportunities for greater efficiency and flexibility. YF Life has also been progressively digitalising its business operations. FinTech mobile applications, including online applications, electronic policy issues, online payment, e-Policy Services, and claims processing, have been further enhanced. Moving forward, we will continue to advance these applications to expand their functionalities, enhance customer experiences, and reduce our environmental footprint while improving operational efficiency.

Details of electricity, gasoline, water, and paper consumption from our operations are summarised in the table below:

Summary of resources consumption

Use of resources	Unit	2025	2024
Total energy consumption	MWh	2,171	2,257
— Electricity	kWh	2,111,921	2,197,256
— Gasoline	litre	6,438	6,164
Energy intensity	MWh/employee	3.49	3.72
Water[5]	m^3	680	630
Water intensity	m^3/employee	1.09	1.04
Paper (A3)[6]	Sheets	7,665	22,589
Paper (A4)[5]	Sheets	2,020,233	5,233,549[7]

Emissions

We are dedicated to reducing our greenhouse gas emissions, which primarily arise from our vehicle usage and electricity consumption from our offices, servers and data centres. In response, we have optimised energy efficiency and adopted sustainability practices across all facilities to mitigate our environmental impact.

YF Life have been taking measures in the renovation work of new offices so that air emissions can be reduced. For example, our contractor uses eco-friendly materials such as Zero Formaldehyde Emission (E0 standard) composite boards and Ecological (ECO) glues for all the wallpapers and carpets.

[5] Since the water consumption of some offices was managed by the buildings' property management, we cannot obtain the actual water consumption data. Hence the reported water consumption excluded nine offices in Hong Kong and one office in Macao and one warehouse in Hong Kong.
[6] Paper consumption reduction in 2025 is due to the continuous effort of the Paperless Campaign initiated by YF Life during the reporting period.
[7] The FY24 figure has been restated this figure to reflect the actual situation.

Emissions	Unit	2025	2024
Air emissions[8]			
— Nitrogen oxides	gram	6,807.64	4,716.93
— Sulphur oxides	gram	94.63	90.61
— Particulate matter	gram	501.23	347.30
Greenhouse gas emissions			
— Scope 1 emissions[9]	tonnes CO_2e	14.83	10.39
— Scope 2 emissions[10]	tonnes CO_2e	1,069.98	1,178.99

During the reporting period, there was no non-compliance case regarding environmental laws and regulations that had a significant impact on the Group.

The Environmental and Natural Resources

The Group has embedded ESG considerations across its business operations in support of its commitment to environmental protection. At YF Life, Barings LLC serves as the investment manager for the fixed-income assets portfolio. As a signatory of the United Nations Principles for Responsible Investment, Barings LLC has embedded ESG factors into its investment analysis framework. This approach provides enhanced insights into long-term risks and opportunities, thereby reinforcing the stability and resilience of our portfolio.

In our wealth management services, we collaborate with leading fund managers who integrate fundamental ESG factors into their investment strategies. When selecting mutual fund partners, we prioritise those investing in emerging industries and avoid sectors with obvious negative ESG impacts. As part of our due diligence procedures, we conduct news screening on funds to evaluate their ESG performance. Any adverse media findings, including those related to ESG issues, may trigger further investigation or clarification with the fund managers, depending on the nature of the concern.

The Group recognises the need to embed ESG factors into decisions related to our investments and financial services. Although formal policies are not yet in place, we are actively evaluating how to integrate ESG considerations across our investment strategies and financial services offerings.

[8] The increase in air emissions is due to the higher usage of vehicles caused by increased business activities.
[9] Our scope 1 emissions include direct emissions from company vehicles owned or controlled by the Group. The emission factors are based on the UK Government GHG Conversion Factors for Company Reporting.
[10] Our scope 2 emissions include indirect emissions from purchased electricity in Hong Kong, Macao, and the PRC. The emission factors are based on the emission factors provided by utility providers in Hong Kong, and the average emission factor of the national grid in 2023 announced by the Ministry of Ecology and Environment of the PRC.

Climate Change

In recent years, extreme weather events have become more frequent, causing significant impacts on lives, property, and economies worldwide. To better adapt to the growing uncertainties associated with climate change, the Group has strengthened its climate actions this year by conducting an assessment to identify the physical and transition risks and opportunities relevant to its insurance businesses, which have been the Group's main source of revenue for the past three years.

Identification of Climate-Related Risks and Opportunities

Supported by an external consultant, the methodology employed a structured approach including the following components:

- **Desktop Research**
  - Internal Review: Evaluated the Group's current climate-related management practices, mitigation initiatives and YF Life's existing risk registers to establish a baseline for identifying risks and opportunities.

  - External Benchmarking: Reviewed industry best practices, regulatory developments, and peer disclosures to identify emerging trends, evolving expectations and relevant standards.

- **Business Unit Engagement**
  - A self-assessment questionnaire was distributed to our insurance businesses to confirm preliminary findings and gather additional insights into current practices, exposures and mitigation measures.

This approach facilitated our evaluation of risks and opportunities, integrating internal perspectives and external benchmarks to inform our view of potential climate-related impacts.

We have also conducted a climate-related scenario analysis during the year to assess the resilience of our business model and strategy under varying climate futures. Two scenarios representing divergent climate futures were selected to align with international climate agreements and to provide a relevant basis for assessing potential impacts on our business across defined time horizons and key physical hazards and transition drivers.

Scenario Selection Overview

Scenario	**Warming Scenario (3°C to 5+°C warming by 2100)**	**Decarbonisation Scenario (1.5°C to 2°C warming by 2100)**
Reference scenarios	• Intergovernmental Panel on Climate Change (IPCC) Shared Socio-economic Pathways (SSP) 5-8.5 • Network for Greening the Financial System (NGFS) Current Policies	• IPCC SSP 1-2.6 • NGFS Net Zero 2050
Description	• High-emissions, limited global mitigation action • Elevated exposure to acute and chronic physical risks.	• Strong global climate action, rapid decarbonisation • Higher transition risks but reduced long-term physical risks.
Relevance to the Group	• Provides insight into operational stressors from more frequent and severe physical hazards impacting employees, operations, and insured parties.	• Highlights regulatory, market, and technological changes that may influence product development, investment strategy, and capital allocation.

The following table summarises the key climate-related risks and opportunities relevant to our insurance businesses across the short-term (2025-2030), medium-term (2031-2040) and long-term (2041-2050) horizons. We define short-, medium- and long-term horizons with reference to our strategic planning cycles, which helps indicate when climate-related impacts may influence our business decisions.

<table>
<tr><th>Risk and opportunity type</th><th>Impacts on business model and value chain</th><th>Impact time horizon</th><th>Current and anticipated financial implications[11]</th><th>Our mitigation response/ How we capture the opportunities</th></tr>
<tr><td colspan="5">Climate-related physical risks</td></tr>
<tr><td>Acute physical risk – Increased severity of extreme weather events</td><td>• Disruptions to normal business operations due to facility closures, infrastructure damage or transportation disruption.
• Reduce workforce and agents' availability arising from safety and health risks during extreme weather conditions.</td><td>Short-term, with increasing likelihood over time</td><td rowspan="2">• Increase in expenses related to structural repairs, recovery activities and clean-up following extreme climate events.
• Increase in capital expenditure for climate-resilient infrastructure and adaptation measures.
• Decrease in revenue due to temporary suspension of operations.
• Impacts on underwriting strategies and product pricing, as rising event severity may increase claims frequency and compensation payouts.</td><td rowspan="2">Operations
• Strengthen remote-operation capabilities to support business continuity and emergency response during extreme weather events.

Employee Safety and Well-being
• Adopt flexible work arrangements and remote-working policies during severe weather.
• Enhance safety training and emergency response planning guides for employees.

Investments
• Monitor exposure to climate-vulnerable sectors and adjust investment strategies to better manage physical risks.

Products
• Assess the impact of climate change and extreme weather on health and safety through data monitoring and trend analysis.</td></tr>
<tr><td>Chronic physical risk – Climate change</td><td>• Long-term shifts in climate patterns may gradually influence risk profiles for insured customers.</td><td>Medium to long- term</td></tr>
</table>

[11] There were no current financial implications during the reporting period.

				• Explore opportunities to expand or enhance insurance product offerings that strengthen health protection for individuals and communities.
Climate-related transition risks and opportunities				
Policy and legal risk – Increasing climate-related regulations and potential exposure to litigation	• Non-compliance with climate-related policies, disclosure requirements or industry standards may increase exposure to legal or regulatory action.	Short-, medium- and long-term, depending on regulatory developments	• Rising energy, carbon and compliance costs as new climate-related regulations come into effect. • Potential asset depreciation in carbon-intensive sectors, affecting investment returns. • Increase in operating costs due to penalties or remedial actions for non-compliance.	• Actively comply with relevant climate-related regulations and disclosure requirements. • Closely monitor policy changes and industry developments to ensure timely adaptation and compliance.
Reputational risk – Rising stakeholder expectations	• Failure to meet growing stakeholder expectations around climate action and sustainability may negatively affect brand reputation and customer trust.	Short, medium to long-term	• Potential loss of revenue or market value if the business is perceived as lagging behind in the transition to a low-carbon economy.	• Closely monitor industry trends, stakeholder expectations and market dynamics to understand evolving climate-related concerns. • Publish regular ESG disclosures to demonstrate our commitment to low-carbon operations and maintain

				stakeholder confidence.
Market opportunity – Climate-driven wellness trends	• Growing public awareness of climate-related health risks (e.g., heat stress, respiratory illness) increases demand for wellness, prevention, and protection solutions. • Opportunities to develop new and innovative products and services that support green and low-carbon development.	Medium to long-term	• Potential uplift in premium income through development of new or enhanced health-related insurance products. • Potential for revenue growth through access to new markets and customer segments.	• Evaluate and explore opportunities to develop and expand our sustainability products and services to capture emerging market opportunities.

Climate Management Approach

Our insurance businesses assess the nature, likelihood and magnitude of climate-related risks through their established risk management processes, incorporating both qualitative considerations and quantitative thresholds where appropriate. Climate-related risks—including both physical and transition risks—are formally captured in the insurance businesses' risk register to ensure consistent identification, assessment and monitoring.

Climate-related risks are prioritised alongside other key risk categories within our insurance businesses' overall risk management framework. By integrating climate risks into the risk register, the insurance businesses maintain continuous oversight and ensure that emerging trends or changes in risk drivers are promptly reflected in risk management decisions. These processes for identifying, assessing, prioritising and monitoring climate-related risks are embedded within the broader risk management structure, using the same governance, escalation and review mechanisms applied to other material risks. This integration supports consistent evaluation of climate-related exposures and ensures that climate considerations inform ongoing strategic and operational decision-making.

Resilience in Climate Uncertainty

There remains significant uncertainty regarding how climate change will manifest under different climate-related scenarios, particularly in relation to shifts in temperature and the frequency and severity of extreme weather events. These uncertainties make it challenging to predict the precise impacts on our insurance businesses, resulting in inherent uncertainty when assessing the timing, scale, and nature of climate-related risks across our operations.

Based on the outcomes of our climate-related scenario analysis, we anticipate that our strategy and business model will retain sufficient flexibility and resilience to adapt to a range of possible climate-related developments. We will continue to monitor developments and refine our assessments as new scientific evidence, regulatory expectations, and market insights emerge.

To contribute to a sustainable future and demonstrate united efforts in addressing climate change, YF Life has participated in the "Insurance Industry Climate Charter" initiative developed by the Hong Kong Federation of Insurers ("HKFI"). It is a groundbreaking initiative that marks the first-ever Climate Charter led by an insurance association in Hong Kong. Additionally, YF Life advocates for sustainable investment strategies and integrates sustainability criteria into underwriting and claims management processes. By embedding the principles of sustainable development across various business areas, YF Life is committed to achieving carbon neutrality in its operations by 2050.

Community Investment

We leverage our influence and resources to enhance resilience and promote sustainable livelihoods. The Group actively collaborates with charitable organisations that share our vision, engaging in impactful initiatives and making investments in these organisations.

YF Life Jr. Space Camp Programme

Since 1999, YF Life Insurance International Ltd. has launched the pioneering "YF Life Jr. Space Camp Programme". Designed to inspire children's interest in space exploration, the programme provides a simulated astronaut training experience. Through a holistic and innovative training approach, the programme ignites and cultivates children's curiosity in space exploration and advanced aerospace technology while fostering stronger parent-child relationships through collaborative activities. The programme's slogan, "It is Possible!" encourages children to embrace challenges and pursue their aspirations with courage and determination.

This year, through a rigorous selection process, we shortlisted 50 outstanding candidates to participate in a two-day "All-round Jr. Astronauts Training Camp" co-organised with the Hong Kong Space Museum. After further competition and interview, 8 YF Life Jr. Astronauts were selected to embark on a "9-Day U.S. Space-Exploration Journey" in July 2025. The journey included simulated astronaut training at the U.S. Space Camp in Huntsville, Alabama, and a visit to the Kennedy Space Centre in Florida.

Participation and Sponsorships in Social and Environmental Events

During the reporting period, the Group remained dedicated to corporate social responsibility through active participation in various initiatives.

The Group supported several environmental protection efforts. YF Life sponsored the Lai See Reuse and Recycle Programme to promote recycling and waste reduction within the community. Additionally, we participated in Earth Hour 2025 in March by switching off rooftop LED signs at The ONE and YF Life Centre. We also supported Green Low Carbon Day 2025 to raise funds for green-related projects supported by The Community Chest.

The Group has actively engaged in initiatives aimed at promoting education and enhancing community well-being. We supported Hong Kong Money Month to raise public awareness about the importance of financial education. Additionally, we participated in charitable events organised by non-governmental organisations, including Skip Lunch Day, Dress Casual Day, and Mooncakes for Charity, all supported by The Community Chest. We also supported Orbis World Sight Day by creating a donation page for our staff and agents to contribute. Furthermore, we purchased cookie gift boxes from Mustard Seed Bakery and donated them to service centres under St James Settlement, thereby supporting social enterprises that create employment opportunities for individuals with disabilities. In response to the Tai Po fire incident in December, the Group contributed HK$5,000,000 to the Hong Kong Federation of Insurers-led Donation for the government's 'Support Fund for Wang Fuk Court in Tai Po,' aiding relief efforts for affected families during challenging times. Through these initiatives, we aim to address pressing social issues and enhance the well-being of individuals and communities in need.

APPENDIX: HKEX ESG REPORTING CODE INDEX

Mandatory Disclosure Requirements		Section	Remarks
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Message from The Board ESG Governance and Risk Management	
Reporting Principles — Materiality	The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	Stakeholder Engagement and Materiality Assessment	
Reporting Principles — Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	Reporting Scope and Boundary	
Reporting Principles — Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Scope and Boundary	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	Reporting Scope and Boundary	

Subject Areas, Aspects, General Disclosures and KPIs		**Section**	**Remarks**
A	**Environmental**		
A1	**Emissions**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment	
A1.1	The types of emissions and respective emission data.	Environment	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	-	Due to our business nature, no significant amount of hazardous waste was generated.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	-	Non-hazardous wastes are not identified as material to the Group and no data was tracked.
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environment	Wastes are not considered to be the most material issues comparatively given the Group's business nature. While we put effort to reduce our negative environmental impact, currently, specific targets with respect to these aspects are not defined.
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	-	
A2	**Use of Resources**		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Environment	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in "000s) and intensity (e.g. per unit of production volume, per facility).	Environment	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment	

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment	The Group is reviewing its operations and environmental performance in considering target setting on energy and water consumption.
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environment	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environment	Due to our business nature, no significant amount of packaging material was used.
A3	**The Environment and Natural Resources**		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment	The Group's businesses are mainly conducted in offices and hence there is insignificant impact on the environment and natural resources.
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	Environment	
B	**Social**		
B1	**Employment**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment	
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	
B2	**Health and Safety**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety	

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Health and Safety	
B2.2	Lost days due to work injury.	Employee Health and Safety	
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Health and Safety	
B3	**Development and Training**		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	
B4	**Labour Standards**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment	
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment	
B5	**Supply Chain Management**		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain and Counterparties Management	
B5.1	Number of suppliers by geographical region.	Supply chain and Counterparties Management	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the	Supply chain and	

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
	practices are being implemented, how they are implemented and monitored.	Counterparties Management	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain and Counterparties Management	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain and Counterparties Management	
B6	**Product Responsibility**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	-	Not applicable to the Group's businesses.
B6.2	Number of products and service-related complaints received and how they are dealt with.	-	The Group is currently assessing the feasibility of collecting and disclosing such information.
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection	
B6.4	Description of quality assurance process and recall procedures.	-	Not applicable to the Group's businesses.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Privacy and Feedback	
B7	**Anti-corruption**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Anti-corruption	

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	
B8	**Community Investment**		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	

Reference Paragraph	Description	Section	Remarks
Climate-related Disclosures			
(I)	**Governance**		
19	An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these	ESG Governance and Risk Management	

Reference Paragraph	Description	Section	Remarks
	controls and procedures are integrated with other internal functions.		
(II)	**Strategy**		
Climate-related risks and opportunities			
20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Environment	
Business model and value chain			
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Environment	

<table>
<tr><th>Reference Paragraph</th><th>Description</th><th>Section</th><th>Remarks</th></tr>
<tr><td colspan="4">Strategy and decision-making</td></tr>
<tr><td>22</td><td>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:
(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:
(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;
(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);
(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and
(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</td><td>Environment</td><td>The Group currently does not have a climate transition plan, and we are assessing our environmental performance to inform the setting of future environmental targets.</td></tr>
<tr><td>23</td><td>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</td><td></td><td>Not applicable as the information was not disclosed in previous reporting periods.</td></tr>
</table>

Reference Paragraph	Description	Section	Remarks
Financial position, financial performance and cash flows			
Current financial effect			
24	An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Environment	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.
Anticipated financial effect			
25	The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Environment	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.
Climate resilience			
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	Environment	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.

Reference Paragraph	Description	Section	Remarks
	(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.		

Reference Paragraph	Description	Section	Remarks
(III)	**Risk Management**		
27	An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Environment	
(IV)	**Metrics and Targets**		
Greenhouse gas emissions			
28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and	Environment	Given the Group's existing data availability and readiness, Scope 3 greenhouse gas emissions are not

Reference Paragraph	Description	Section	Remarks
	(c) Scope 3 greenhouse gas emissions.		disclosed for the reporting period.
29	An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Environment	There is no contractual instrument in place to manage the energy we have purchased.
Climate-related transition risks			
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Environment	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our

Reference Paragraph	Description	Section	Remarks
			scenario analysis approaches over time.
Climate-related physical risks			
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Environment	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.
Climate-related opportunities			
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Environment	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.
Capital deployment			
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.		This information has not been disclosed as the Group does not currently track our capital expenditure, financing or investment specifically related to climate-related risks and opportunities.
Internal carbon prices			
34	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	-	Internal carbon pricing has not been incorporated into the Group's strategic decision-making approach.

Reference Paragraph	Description	Section	Remarks
	(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.		
Remuneration			
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	ESG Governance and Risk Management	
Industry-based metrics			
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	-	The Group is currently reviewing the applicability of these metrics and will enhance the disclosure in future reporting periods as appropriate.
Climate-related targets			
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a	-	Not applicable to the Group, as we are currently reviewing our operations and environmental performance for future target setting.

Reference Paragraph	Description	Section	Remarks
	part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.		
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	-	
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	-	
40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to	-	

Reference Paragraph	Description	Section	Remarks
	achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).		

Consolidated statement of profit or loss for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	*2025* HK$'000	*2024* HK$'000
Insurance revenue	*6*	3,075,520	2,799,201
Insurance service expenses	*10*	(2,347,426)	(2,108,241)
Net income/(expenses) from reinsurance contracts		80,778	(59,369)
Insurance service result		808,872	631,591
Interest revenue calculated using the effective interest method	*7*	3,206,168	3,089,457
Other investment revenue	*7*	3,196,943	853,767
Net impairment loss on financial assets	*7*	(114,348)	(129,795)
Investment return		6,288,763	3,813,429
Net finance expenses from insurance contracts	*7*	(5,280,043)	(3,097,872)
Net finance income from reinsurance contracts	*7*	296,378	247,436
Movement in investment contract liabilities	*7*	(238,965)	(212,419)
Movement in third party interests in consolidated funds	*7*	4,095	7,237
Net financial result		1,070,228	757,811
Revenue from investment management services	*8*	48,758	43,529
Other income	*9*	47,718	91,848
Other operating expenses	*10*	(505,100)	(390,221)
Other finance costs	*11*	(167,799)	(227,532)
Share of loss of equity-accounted investees, net of tax		(236)	(2,302)
Impairment loss on equity-accounted investee		(55,709)	-
Profit before tax		1,246,732	904,724
Income tax expense	*12(a)*	(168,123)	(127,153)
Profit for the year		1,078,609	777,571
Profit for the year attributable to:			
Owners of the Company		652,550	470,788
Non-controlling interests		426,059	306,783
		1,078,609	777,571
Earnings per share attributable to equity shareholder of the Company			
Basic (HK$)	*15(a)*	0.17	0.12
Diluted (HK$)	*15(b)*	0.17	0.12

The notes form 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)

	Note	*2025* HK$'000	*2024* HK$'000
Profit for the year after taxation		1,078,609	777,571
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Net movement in the fair value reserve during the year recognised in other comprehensive income	*17*	770,364	(1,238,352)
Net movement in cash flow hedge reserve during the year recognised in other comprehensive income		(89,904)	(357,728)
Exchange differences arising on translation of results of foreign operations		15,544	(81,966)
Net finance expenses from insurance contracts	*7*	(517,424)	(48,741)
Net finance income from reinsurance contracts	*7*	163,198	180,382
Net deferred tax impact recognised in other comprehensive income	*12(b)*	30,274	57,821
Total comprehensive income for the year		1,450,661	(711,013)
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		917,742	(572,689)
Non-controlling interests		532,919	(138,324)
		1,450,661	(711,013)

The notes form part of these consolidated financial statements.

Consolidated statement of financial position at 31 December 2025

(Expressed in Hong Kong dollars)

	Note	At 31 December 2025 HK$'000	At 31 December 2024 HK$'000
Assets			
Property and equipment	18	586,878	608,623
Statutory deposits	19	6,592	5,602
Deferred tax assets	31(b)	122,855	95,940
Tax recoverable	31(a)	25	39
Investments in associates	20	153,968	118,554
Goodwill and intangible assets	22	2,207,529	1,920,168
Other contract assets	28	147,492	134,763
Investments	23	91,381,188	78,625,575
Reinsurance contract assets	27	7,482,492	6,790,716
Other accounts receivable and accrued income	24	262,185	229,572
Other receivables, deposits and prepayments	25	1,587,219	1,615,907
Bank balance - trust and segregated accounts	26	264,243	292,774
Fixed bank deposits with original maturity over three months	26	1,593,902	1,229,988
Cash and cash equivalents	26	5,302,461	4,373,329
		111,099,029	96,041,550

Consolidated statement of financial position at 31 December 2025 (continued)

(Expressed in Hong Kong dollars)

	Note	At 31 December 2025 HK$'000	At 31 December 2024 HK$'000
Liabilities			
Other accounts payable	29	499,426	502,841
Other payables and accrued expense	30	1,436,910	1,224,435
Financial liabilities at fair value through profit or loss	32	475,509	718,811
Tax payable	31(a)	128,539	33,071
Insurance contract liabilities	27	82,629,054	69,617,928
Investment contract liabilities	28	4,826,840	4,750,649
Lease liabilities	33	162,661	174,111
Deferred tax liabilities	31(b)	293,684	299,885
Bank borrowings	34	784,255	1,384,659
Shareholder's loan	35	1,641,077	1,641,077
		92,877,955	80,347,467
NET ASSETS		18,221,074	15,694,083
CAPITAL AND RESERVES			
Share capital	36	13,039,613	11,872,683
Reserves		(524,282)	(1,442,024)
		12,515,331	10,430,659
Non-controlling interests		5,705,743	5,263,424
TOTAL EQUITY		18,221,074	15,694,083

The notes form 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 equity shareholders of the Company										
	Share capital HK$'000	*Shares held by share award scheme* HK$'000	*Share-based payment reserve* HK$'000	*Asset revaluation reserve* HK$'000	*Fair value reserve (recycling)* HK$'000	*Fair value reserve (non-recycling)* HK$'000	*Hedging reserve* HK$'000	*Exchange reserve* HK$'000	*Statutory and capital reserve* HK$'000	*Insurance finance reserve*	*Reinsurance finance reserve*	*Retained earnings/ (Accumulated loss)* HK$'000	*Sub-total* HK$'000	*Non-controlling interests* HK$'000	*Total* HK$'000
Balance at 1 January 2024	11,872,683	(83,230)	-	1,538	(2,040,379)	-	24,731	(5,931)	67,661	2,668,269	133,669	(1,635,690)	11,003,321	5,401,748	16,405,069
Changes in equity for the year ended 31 December 2024:															
Disposal of shares held by share award scheme	-	27	-	-	-	-	-	-	-	-	-	-	27	-	27
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	470,788	470,788	306,783	777,571
Other comprehensive income for the year	-	-	-	-	(828,223)	-	(249,694)	(68,169)	-	(13,603)	116,212	-	(1,043,477)	(445,107)	(1,488,584)
Balance at 31 December 2024 and 1 January 2025	11,872,683	(83,203)	-	1,538	(2,868,602)	-	(224,963)	(74,100)	67,661	2,654,666	249,881	(1,164,902)	10,430,659	5,263,424	15,694,083
Changes in equity for the year ended 31 December 2025:															
Issue of subscription shares	1,166,930	-	-	-	-	-	-	-	-	-	-	-	1,166,930	-	1,166,930
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(90,600)	(90,600)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	652,550	652,550	426,059	1,078,609
Other comprehensive income for the year	-	-	-	-	558,700	-	(62,754)	18,995	-	(352,224)	102,475	-	265,192	106,860	372,052
Balance at 31 December 2025	13,039,613	(83,203)	-	1,538	(2,309,902)	-	(287,717)	(55,105)	67,661	2,302,442	352,356	(512,352)	12,515,331	5,705,743	18,221,074

The notes form part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	*2025* HK$'000	*2024* HK$'000
Cash flows from operating activities			
Profit for the year		1,246,732	904,724
Adjustments for:			
- Financial investments		(12,552,426)	(6,617,523)
- Insurance and reinsurance contracts		11,812,751	6,317,130
- Investment contracts		(20,167)	(19,312)
- Statutory deposits		(990)	(230)
- Other contract asset		(12,476)	(12,202)
- Other accounts receivable and payable		(36,028)	866
- Bank balances – trust and segregated accounts		28,531	2,392
- Other receivables and payables		28,086	(421,638)
- Impairment loss on intangible assets		114,403	-
- Impairment loss on equity-accounted investee		55,709	-
- Deemed gain on partial disposal of interests in associate		(1,775)	(11,053)
- Loss on disposal of property and equipment and intangible assets		390	1,710
- Depreciation and amortisation		185,884	197,491
- Interest credited to policyholders' deposits		204,634	182,839
- Share of loss of equity-accounted investees, net of tax		236	2,302
- Finance costs		167,799	227,532
- Other non-cash operating items, including investment income and the effect of exchange rates on certain operating items		(149,209)	(123,701)

Consolidated statement of cash flows for the year ended 31 December 2025 (continued)

(Expressed in Hong Kong dollars)

	Note	*2025* HK$'000	*2024* HK$'000
Other operating items:			
Interest received		181,333	175,745
Dividend received		442,472	300,527
Interest paid		(5,482)	(13,061)
Income taxes paid		(75,402)	(105,023)
Net cash from operating activities		1,615,005	989,515
Cash flows from investing activities			
Payment for purchase of property and equipment		(66,570)	(90,226)
Proceeds from disposal of property and equipment		262	34
Payment for purchase of intangible assets		(401,549)	-
Payment for the acquisition of interest in an associate		(74,092)	-
Proceeds from disposal of intangible assets		-	1,170
(Increase)/decrease in fixed bank deposits placed with original maturity over three months		(363,473)	27,803
Net cash used in investing activities		(905,422)	(61,219)

Consolidated statement of cash flows for the year ended 31 December 2025 (continued)

(Expressed in Hong Kong dollars)

	Note	*2025* HK$'000	*2024* HK$'000
Cash flows from financing activities			
Payment made for interest component of lease liabilities		(7,793)	(6,111)
Payment made for capital component of lease liabilities		(108,040)	(125,367)
Payment for redemption of preference shares by a subsidiary	*26(a)*	(10,429)	(91,355)
Proceeds from disposal of shares held by share award scheme		-	27
Proceeds from issue of subscription shares		1,166,930	-
Policyholders' account deposits related to investment contracts	*26(a)*	243,282	172,153
Policyholders' account withdrawals related to investment contracts	*26(a)*	(314,868)	(347,622)
Drawdown of bank borrowings	*26(a)*	-	1,400,000
Repayment of bank borrowings	*26(a)*	(607,000)	(1,400,000)
Interest and other borrowing costs paid	*26(a)*	(59,244)	(110,882)
Dividends paid to non-controlling interest by a subsidiary		(90,600)	-
Net cash from/(used in) financing activities		212,238	(509,157)
Net increase in cash and cash equivalents		921,821	419,139
Cash and cash equivalents at 1 January		4,373,329	3,973,788
Effect of foreign exchange rates changes		7,311	(19,598)
Cash and cash equivalents at 31 December	*26*	5,302,461	4,373,329

The notes form part of these consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in Hong Kong dollars)

1 General information

Yunfeng Financial Group Limited (the "Company") is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is Rooms 1803-1806, 18th Floor, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong.

The principal activities of the Group are long term assurance business, the provision of securities brokerage, wealth and asset management, fintech business and principal investment. The principal activities and other particulars of its principal subsidiaries are set out in Note 21 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2 Material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries including the consolidated structured entities (together referred to as "the Group") and the Group's interests in associates and joint venture.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investments in certain debt and equity securities and derivative financial instruments are stated at their fair value, and insurance and reinsurance contracts are measured at fulfilment cash flows, and if any, the contractual service margin ("CSM"), as explained in the accounting policies set out below or Note 27(e).

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 next year are discussed in Note 5.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions, cash flows, and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2 Material accounting policies (continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(s)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

The Group serves as the manager of funds. The funds invest mainly in equities, debt securities and monetary market instruments. The Group's percentage ownership in these structured entities can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such funds, with control determined based on an analysis of the guidance in HKFRS 10 *Consolidated Financial Statements*, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the relevant group entity as an issuer to repurchase or redeem units or return of capital in such funds for cash. These are presented as "Third-party interests in consolidated funds" within financial liabilities at fair value through profit or loss in the consolidated statement of financial position.

2 Material accounting policies (continued)

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(s)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Joint venture

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 decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

When an investment in a joint venture is held by, or is held indirectly through, a group entity that is a venture capital organisation and similar entities, the Group may elect to measure investments in those joint ventures at fair value through profit or loss in accordance with HKFRS 9 *Financial Instruments*.

2 Material accounting policies (continued)

(f) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(s)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

2 Material accounting policies (continued)

(g) Insurance, reinsurance and investment contracts - Classification

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 and reinsurance contracts also expose the Group to financial risk.

The Group does not accept insurance risk from other insurers.

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 entered into by the Group have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts' (see Note 2(i)).

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts 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.

(h) Insurance and reinsurance contracts

(i) 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 standalone 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 standalone 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.

2 Material accounting policies (continued)

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

(ii) 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 semi-annual cohorts and each semi-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 semi-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
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

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.

2 Material accounting policies (continued)

Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract.

A group of reinsurance contracts is recognised on the following date.

- *Reinsurance contracts initiated by the Group that provide proportionate coverage*: The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.

- *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 (see 'Reinsurance of onerous underlying insurance contracts' under Note 2(h)(v)).

- *Reinsurance contracts acquired*: The date of acquisition.

(iii) 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 renewals of those contracts. The allocation to renewals only applies to certain term assurance and critical illness contracts that are renewable and coverage period for each term is more than one year. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group expects to recover those cash flows.

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.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than HKFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

2 Material accounting policies (continued)

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and

- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

(a) recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

(b) if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

2 Material accounting policies (continued)

(iv) 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).

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Group, which may include both insurance and financial risks, but exclude lapse and expense risks.

Reinsurance 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 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.

2 Material accounting policies (continued)

(v) Measurement - Contracts not measured under the premium allocation approach (“PAA”)

Insurance contracts – Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of (a) 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 (b) the 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 (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) 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 under Note 2(h)(iii)) 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.

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 (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) 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.

2 Material accounting policies (continued)

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

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 period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, 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 period.

2 Material accounting policies (continued)

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;

- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;

- differences between any loan to a policyholder expected to become repayable in the period and the actual amount that becomes repayable in the period; and

- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

Direct participating contracts

Direct participating contracts 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. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, 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.

2 Material accounting policies (continued)

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

- the CSM of any new contracts that are added to the group in the period;
- 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:
  - the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
  - 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 period.

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.

Reinsurance contracts

To measure a group of reinsurance contracts, 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 (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) 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, 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.

2 Material accounting policies (continued)

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 (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, 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 period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;

- interest accreted on the carrying amount of the CSM during the period, 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;

- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);

- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under Note 2(h)(viii)) 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 period.

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract 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.

2 Material accounting policies (continued)

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 (see 'Net expenses from reinsurance contracts' under Note 2(h)(viii)).

(vi) Measurement – Contracts measured under the PAA

The Group uses the PAA to simplify the measurement of groups of contracts when the coverage period of each contract in the group is one year or less for insurance and reinsurance contracts.

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. The Group has chosen to recognise any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the Group at initial recognition is no more than one year.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received, and decreased by the amount recognised as insurance revenue for services provided (see Note 2(h)(viii)). 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 chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

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

If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under Note 2(h)(v)) is created for a group of reinsurance contracts measured under the PAA, then the Group adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

2 Material accounting policies (continued)

(vii) 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.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;

- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and

- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see Note 2(h)(viii)).

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

(viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the consolidated statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under Note 2(h)(iii)) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the consolidated statement of profit or loss and other comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

2 Material accounting policies (continued)

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue – Contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations - i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).

- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.

- Other amounts, including experience adjustments for premium receipts for current or past services.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on coverage units. The Group recognises the allocated amount, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the period (before any allocation) equally to each coverage unit provided in the period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the period. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

2 Material accounting policies (continued)

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. Other contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);

- the investment component or withdrawal amount is expected to include an investment return; and

- the Group expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic allocation follows the approach of CSM amortisation, (i.e. mirroring approach), where the loss component is released based on coverage unit.

Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

2 Material accounting policies (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses.

- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group recognises any insurance acquisition cash flows as expenses when it incurs those costs.

- Losses on onerous contracts and reversals of such losses.

- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and

- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component 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. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

2 Material accounting policies (continued)

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see 'Measurement - Contracts not measured under the PAA' under Note 2(h)(v)). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For contracts without direct participation features that are not measured under PAA, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

- the discount rates determined on initial recognition of the group of contracts; or

- for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield or based on the amounts credited in the period and expected to be credited in future periods (i.e. the projected crediting rate)); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss as a reclassification adjustment.

For direct participating contracts, the Group presents insurance finance income or expenses in profit or loss.

(i) Investment contracts

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts. Contributions received from policyholders are not recognised in profit or loss but are accounted for as deposits in the consolidated statement of financial position.

The Group recognises a financial liability, representing its contractual obligation to pass on the return on the underlying investments after the deduction of investment management fees, when the Group becomes a party to the contractual provisions. It derecognises the financial liability when the obligations specified in the contract expire or are discharged or cancelled. Amounts collected and paid that are attributable to the financial instrument component are adjusted against the financial liability.

2 Material accounting policies (continued)

Financial liabilities arising from investment contracts and third party interests in consolidated funds are designated as at fair value through profit or loss (“FVTPL”) on initial recognition. This is because these liabilities as well as the related assets are managed and their performance is evaluated on a fair value basis. The fair value is the amount payable on demand because the holders can cancel their contracts at any time after contract inception.

Amounts under investment management service contracts assessed against policyholders’ account balances that represent compensation to the Group for services to be provided in future periods are not recognised in the period assessed. These amounts are reported as unearned revenue liability and are recognised as revenue over the period for which a policyholder is expected to continue receiving investment management services.

Incremental contract costs including incremental direct costs of contracts acquisition are recognised as assets, unless the Group does not expect to recover these costs. Contract costs are amortised over the coverage period, using the same assumptions and factors utilised to amortise unearned revenue liability and are reviewed for impairment regularly. They are included in ‘other contract assets’ in the consolidated statement of financial position and the amortisation and any impairment losses thereon are included in ‘other operating expenses’ in profit or loss.

(j) Investments

The Group’s policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 4. These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost (“AC"), if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(w)(iii)).

- fair value through other comprehensive income (“FVOCI”) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Material accounting policies (continued)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as investment return in accordance with the policy set out in Note 2(w)(ii).

(k) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(l) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve within equity. The effective portion that is recognised in other comprehensive income is limited to the accumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs. This amount is reclassified to profit or loss when the hedged item affects profit or loss. If the forecast transaction is no longer expected to occur, the entire amount is reclassified immediately to profit or loss.

If the hedged future cash flows are is no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through other comprehensive income to profit or loss.

2 Material accounting policies (continued)

(m) Accounts payable, other payables and other liabilities

Accounts payable, other payables and other liabilities are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) 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 profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 *Business Combinations* applies, (ii) held for trading or (iii) those designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading or contingent consideration may be paid by an acquirer as part of a business combination, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in Note 4.

2 Material accounting policies (continued)

(p) Property and equipment

Property and equipment, including right-of-use assets arising from leases of underlying fixed assets (see Note 2(q)), are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see Note 2(s)(ii)).

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold improvements	Shorter of lease term and useful lives
- Office equipment and furniture	5 years
- Computer equipment	3 to 20 years
- Motor vehicle	3 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

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

(q) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

2 Material accounting policies (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is depreciated over the shorter of unexpired term of lease and its estimated useful life and is subsequently stated at cost less accumulated depreciation and accumulated impairment losses (see Note 2(s)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the Group presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(r) Intangible assets

The intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(s)(ii)). Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended.

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

- Computer software 3 - 5 years

Intangible assets, including digital assets (held as the Group's strategic reserve assets) and trade name, are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Material accounting policies (continued)

(s) Credit losses and impairment of assets

(i) Credit loss from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

- financial assets measured at amortised cost (including debt securities, cash and cash equivalents, bank deposits and trade and other receivables);

- debt securities measured at FVOCI (recycling); and

- loan commitments issued, which are not measured at FVTPL.

Financial assets measured at fair value, including units in funds, equity securities measured at FVTPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

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

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

2 Material accounting policies (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

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

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2 Material accounting policies (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(w)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is 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 events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 Material accounting policies (continued)

(ii) Impairment of other non-current 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 or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- 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 the 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).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if 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 (if measurable) or value in use (if determinable).

- 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 profit or loss in the year in which the reversals are recognised.

2 Material accounting policies (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(s)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(t) 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.

(u) Employee benefits

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.

The fair value of share awards and share options granted to employees is recognised as an employee cost with a corresponding increase in share-based payment capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the share awards and options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share awards and share options that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share awards and options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained earnings).

2 Material accounting policies (continued)

(v) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity, respectively.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of HKAS 12. The Group has applied a temporary mandatory relief from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes for the impact of the top-up tax and accounts for it as a current tax when it is incurred.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 Material accounting policies (continued)

(w) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 *Revenue from Contracts with Customers* and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) The accounting policies for the recognition of revenue from insurance contracts are disclosed in Note 2(h).

(ii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at FVTPL, the Group has separated interest income and expense from the net gains and losses.

(iv) Management and administration fee income from investment contracts are recognised over time when services are rendered.

(v) Brokerage and commission income is recognised on trade date basis.

(vi) Service fee income, including advisory fee income, handling fee income, custodial service fee income, subscription fee income, placing and underwriting commission and financial management are recognised when the underlying services had been provided.

2 Material accounting policies (continued)

(x) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated 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 using the foreign exchange rates ruling at the dates the fair value was measured.

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains or losses from trading securities or financial instruments designated at fair value through profit or loss.

Exchange differences relating to fair value through other comprehensive income debt instruments are included in profit or loss.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the date of the transactions. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the consolidated statement of profit or loss when the profit or loss on disposal is recognised.

2 Material accounting policies (continued)

(y) Fiduciary activities

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of the regulated business activities. The Group has classified the "bank balances - trust and segregated accounts" within the current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies.

The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Material accounting policies (continued)

(aa) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(3) Both entities are joint ventures of the same third party;

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(6) The entity is controlled or jointly controlled by a person identified in (i);

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these consolidated financial statements for the current accounting period. The amendments do not have a material impact on these consolidated financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Insurance and financial risk management

Risk management objectives and policies for mitigating insurance and financial risk

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

Key risks arising from contracts issued

Product	*Key risks*	*Risk mitigation*
Traditional whole-life, term assurance, critical illness and immediate annuity	- Mortality risk: death of policyholder earlier than expected	- Reinsurance with financially strong reinsurers
	- Morbidity risk: diagnosis of critical illness earlier than expected	- Matching of asset and liability cash flows
	- Longevity risk: death of policyholder later than expected	- Investing in investment-grade assets
	- Interest rate risk: differences in duration and yield of assets and liabilities	
	- Investment credit risk	
Traditional participating	- Market risk: investment return on underlying items lower than expected	- Management discretion to determine amount and timing of policyholder dividends
	- Policyholder behaviour risk	- Surrender penalties
Universal life	- Mortality risk	- Reinsurance with financially strong reinsurers
	- Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates	- Management discretion to set crediting rates (subject to guaranteed rates)
	- Policyholder behaviour risk	- Surrender penalties
Deferred annuity	- Longevity risk	- Matching of asset and liability cash flows
	- Interest rate risk	- Management discretion to set crediting rates (subject to guaranteed rates)
	- Policyholder behaviour risk	- Surrender penalties
	- Investment credit risk	- Investing in investment-grade assets
Unit-linked	- Market risk: insufficient fees to cover expenses	- Surrender penalties
	- Policyholder behaviour risk	

4 Insurance and financial risk management (continued)

(a) Insurance risks

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

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write in order to ensure appropriate risk selection within the portfolio.

Adherence to the underwriting authorities is monitored through a scheduled underwriting audit. In addition, the Group has an Underwriting Committee to establish policies and procedures to supervise and assess the insurance risks and to periodically review and monitor the overall underwriting management process. The Group also has a Claims Settlement Committee to establish policies and procedures to supervise the claims settlement policy. The committee monitors the adequacy of the group's reserves for the settlement of claims, reviews significant claims or major events, and investigates any fraudulent claims.

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

Concentration of insurance risks

The table below illustrates the concentration of risks based on seven bands of contracts grouped by benefits assured for each life assured.

HK$'000	*Sum insured before reinsurance* HK$'000	%	*Sum insured after reinsurance* HK$'000	%
2025				
0 – 500	25,432,691	13	34,858,247	41
501 - 750	20,206,460	10	26,140,870	31
751 - 1,000	25,855,654	13	23,501,068	28
1,001 - 1,500	31,895,071	16	92,280	0
1,501 - 2,000	22,389,321	11	233,567	0
2,001 - 2,500	14,520,484	7	105,326	0
>2,500	59,242,349	30	387,173	0
Total	199,542,030	100	85,318,531	100

4 Insurance and financial risk management (continued)

HK$'000	*Sum insured before reinsurance* HK$'000	%	*Sum insured after reinsurance* HK$'000	%
2024				
0 – 500	25,904,465	13	35,606,057	41
501 - 750	20,127,588	10	25,852,426	31
751 - 1,000	26,747,300	13	23,339,012	27
1,001 - 1,500	30,133,546	15	104,011	0
1,501 - 2,000	22,906,220	11	367,004	0
2,001 - 2,500	14,242,246	7	135,718	0
>2,500	59,495,419	31	576,270	1
Total	199,556,784	100	85,980,498	100

Sensitivity analysis

The table below analyses how profit or loss and equity would have increased (decreased) if changes in insurance 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.

	2025		*2024*	
	Profit or loss HK$'000	*Equity* HK$'000	*Profit or loss* HK$'000	*Equity* HK$'000
Total before risk mitigation by reinsurance				
Mortality/Morbidity rates (10% increase)	131,711	107,651	228,721	244,092
Mortality/Morbidity rates (10% decrease)	(233,268)	(210,765)	(235,735)	(252,679)
Lapse rates (10% increase)	(202,206)	(390,093)	(58,539)	(143,738)
Lapse rates (10% decrease)	(46,654)	136,723	(26,030)	35,005
Total after risk mitigation by reinsurance				
Mortality/Morbidity rates (10% increase)	153,140	16,059	245,988	155,975
Mortality/Morbidity rates (10% decrease)	(247,035)	(105,771)	(253,207)	(158,634)
Lapse rates (10% increase)	(143,324)	(374,231)	(9,497)	(140,385)
Lapse rates (10% decrease)	(100,618)	131,569	(80,129)	32,547

Changes in insurance risk variables mainly affect the profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a. Profit or loss
- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

b. Equity
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI.
- The effect on profit or loss under (a).

4 Insurance and financial risk management (continued)

(b) Financial risks

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

(i) Credit risk

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

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

The Group manages its financial assets to limit credit risk by diversifying its portfolio among various security types and industry sectors. The Group has an Investment Committee to supervise and control investments and related financial matters.

Investment policies and guidelines have to be approved by the committee. In addition, the committee periodically reviews investment strategies and investment performance.

At 31 December 2025, 0.001% (2024: 0.001%) of the Group's debt securities represented investments in asset-backed and mortgage-backed securities in the United States of America which are exposed to sub-prime credit risks. The Group does not originate any residential mortgages but invests in residential mortgage loan pools which may contain mortgages of subprime credit quality. Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration and Veterans Administration guarantees. As of 31 December 2025, the Group had no direct subprime exposure through the origination of residential mortgage loans or purchases of unsecuritised mortgage whole-loan pools. The Group has implemented a stringent review process for determining the fair value of securities containing these risk characteristics. At 31 December 2025, 98.0% (2024: 98.1%) of the debt securities have Standard and Poor's ratings of BBB- or above or equivalent ratings from other reputable rating agencies. For the year ended 31 December 2025, impairment losses amounting to HK$114,348,000 (2024: HK$129,795,000) were recognised in the consolidated statement of profit or loss.

4 Insurance and financial risk management (continued)

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

With respect to the recoveries due from reinsurers, the Group is exposed to the credit risk that the amounts due under a reinsurance contract may not be paid. For the management of the underlying risks, please refer to Note 4(a).

In respect of loans to policyholders and other loans to agents and staff, management monitors the repayment status on an ongoing basis. Other unsecured receivables mainly comprise accrued interest income on debt securities, where the credit risks are limited by the diversification of its investment portfolio as mentioned above.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from other account receivables and other receivables are set out in Notes 24 and 25.

4 Insurance and financial risk management (continued)

(1) Credit quality analysis

The following table sets out information about the credit quality of reinsurance contract assets and financial investments (based on reputable external credit ratings agencies and internal rating assessment of equivalent credit rating methodology) by Investment grade rated (i.e. BBB- or above) and Non-investment grade rated.

	2025 HK$'000	*2024* HK$'000
Reinsurance contract assets		
Investment grade	7,482,492	6,790,716
Financial investments - underlying items		
Fair value through profit or loss:		
Investment grade	6,943,565	4,054,932
Financial investments – not underlying items		
Fair value through profit or loss:		
Investment grade	1,801,319	1,950,116
Non-investment grade	259,084	183,181
	2,060,403	2,133,297
Fair value through comprehensive income:		
Investment grade	25,533,168	23,378,223
Non-investment grade	826,958	790,301
	26,360,126	24,168,524
Amortised cost:		
Investment grade	36,205,400	33,960,645
Non-investment grade	1,122,671	954,597
	37,328,071	34,915,242

The Group's maximum exposure to credit risk of accrued investment income and cash and cash equivalents is limited to the carrying amounts of the assets, the majority of which is arising from the financial assets rated as investment grade and deposits with reputable financial institutions.

4 Insurance and financial risk management (continued)

The following table sets out information about the exposure under the asset-backed hybrid facility/ investment agreement ("the AHF/I Agreement") in which YF Life (as lender), New Alternative Limited ("New Alternative", as borrower) and Yunfeng Capital Limited ("Yunfeng Capital", as guarantor) entered into on 7 March 2025.

	2025 HK$'000	*2024* HK$'000
Fair value through profit or loss:		
Not rated	953,942	-

New Alternative shall pay at least the base interest, being simple interest rate of 5.5% per annum on the outstanding amount and, where applicable, the bonus interest, so that YF Life may receive in total interest income representing 80% of the net return from the investments made by New Alternative using funds from the facility.

4 Insurance and financial risk management (continued)

(2) Amounts arising from ECL on financial assets

The following table set out the credit quality analysis of financial assets measured at FVOCI (recycling) and at amortised cost. Unless specifically indicated, the amounts in the table represent gross carrying amounts. For explanations of the terms ’12-month ECL’, ‘lifetime ECL’ and ‘credit-impaired’, see Note 2(s).

	2025						
	Investment grade			*Non-investment grade*			
	12-month ECL HK$'000	*Lifetime ECL not credit-impaired* HK$'000	*Lifetime ECL credit-impaired* HK$'000	*12-month ECL* HK$'000	*Lifetime ECL not credit-impaired* HK$'000	*Lifetime ECL credit-impaired* HK$'000	*Total* HK$'000
Financial assets at amortised cost							
Unlisted debt securities	33,727,007	-	-	-	487,086	39,090	34,253,183
Loans and receivables	2,374,074	165,005	-	-	802,888	-	3,341,967
Gross carrying amount	36,101,081	165,005	-	-	1,289,974	39,090	37,595,150
Less: Loss allowance	(60,087)	(599)	-	-	(167,332)	(39,061)	(267,079)
Amortised cost	36,040,994	164,406	-	-	1,122,642	29	37,328,071
Financial assets at FVOCI (recycling)							
Unlisted debt securities	29,233,113	56,780	16,508	1,362	791,587	537,134	30,636,484
Less: Loss allowance	(78,563)	(2,070)	(452)	(54)	(53,383)	(471,659)	(606,181)
Amortised cost	29,154,550	54,710	16,056	1,308	738,204	65,475	30,030,303
Carrying amount – fair value	25,463,459	50,503	19,206	1,352	759,804	65,802	26,360,126

4 Insurance and financial risk management (continued)

	2024						
	Investment grade			*Non-investment grade*			
	12-month ECL HK$'000	*Lifetime ECL not credit-impaired* HK$'000	*Lifetime ECL credit-impaired* HK$'000	*12-month ECL* HK$'000	*Lifetime ECL not credit-impaired* HK$'000	*Lifetime ECL credit-impaired* HK$'000	*Total* HK$'000
Financial assets at amortised cost							
Unlisted debt securities	30,340,737	313,561	-	-	217,347	39,009	30,910,654
Loans and receivables	3,524,026	-	-	-	763,359	-	4,287,385
Gross carrying amount	33,864,763	313,561	-	-	980,706	39,009	35,198,039
Less: Loss allowance	(60,582)	(157,097)	-	-	(26,129)	(38,989)	(282,797)
Amortised cost	33,804,181	156,464	-	-	954,577	20	34,915,242
Financial assets at FVOCI (recycling)							
Unlisted debt securities	27,785,059	42,802	17,190	-	853,882	444,179	29,143,112
Less: Loss allowance	(67,545)	(19,177)	(9,281)	-	(30,605)	(418,448)	(545,056)
Amortised cost	27,717,514	23,625	7,909	-	823,277	25,731	28,598,056
Carrying amount – fair value	23,332,174	26,243	19,806	-	760,295	30,006	24,168,524

4 Insurance and financial risk management (continued)

2025

	12-month ECL HK$'000	*Lifetime ECL Not-credit impaired* HK$'000	*Lifetime ECL Credit impaired* HK$'000	*Total* HK$'000
Debt securities at amortised cost				
Balance at 1 January 2025	53,645	159,914	38,989	252,548
Net increase/(decrease) in loss allowance recognised in current year, net of those derecognised upon settlement	5,773	(22,239)	(18)	(16,484)
Exchange alignment	111	213	90	414
Balance at 31 December 2025	59,529	137,888	39,061	236,478
Loans and receivables at amortised cost				
Balance at 1 January 2025	6,937	23,312	-	30,249
Net (decrease)/increase in loss allowance recognised in current year, net of those derecognised upon settlement	(6,410)	6,693	-	283
Exchange alignment	31	38	-	69
Balance at 31 December 2025	558	30,043	-	30,601
Debt securities at fair value through other comprehensive income				
Balance at 1 January 2025	67,545	49,782	427,729	545,056
Net increase in loss allowance recognised in current year, net of those derecognised upon settlement	10,942	5,568	43,491	60,001
Exchange alignment	130	103	891	1,124
Balance at 31 December 2025	78,617	55,453	472,111	606,181

During the Year, ECL relating to debt securities measured at amortised cost of HK$56,331,000 and debt securities measured at FVOCI of HK$14,228,000 were written off upon disposal of the securities, and the net impact is recognised within net impairment loss on financial assets in note 7(d).

4 Insurance and financial risk management (continued)

2024

	12-month ECL HK$'000	*Lifetime ECL Not-credit impaired* HK$'000	*Lifetime ECL Credit impaired* HK$'000	*Total* HK$'000
Debt securities at amortised cost				
Balance at 1 January 2024	69,062	5,836	39,236	114,134
Net (decrease)/increase in loss allowance recognised in current year, net of those derecognised upon settlement	(15,054)	154,373	(1)	139,318
Exchange alignment	(363)	(295)	(246)	(904)
Balance at 31 December 2024	53,645	159,914	38,989	252,548
Loans and receivables at amortised cost				
Balance at 1 January 2024	6,650	32,413	-	39,063
Net increase/(decrease) in loss allowance recognised in current year, net of those derecognised upon settlement	330	(8,940)	-	(8,610)
Exchange alignment	(43)	(161)	-	(204)
Balance at 31 December 2024	6,937	23,312	-	30,249
Debt securities at fair value through other comprehensive income				
Balance at 1 January 2024	110,186	60,684	378,540	549,410
Net (decrease)/increase in loss allowance recognised in current year, net of those derecognised upon settlement	(42,148)	(10,570)	51,805	(913)
Exchange alignment	(493)	(332)	(2,616)	(3,441)
Balance at 31 December 2024	67,545	49,782	427,729	545,056

4 Insurance and financial risk management (continued)

(ii) Liquidity risk

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

(1) Financial liabilities

The following tables show the remaining contractual maturities at the end of the reporting period of financial liabilities:

	2025				*2024*			
	Carrying amount HK$'000	*Total contractual undiscounted cash flows* HK$'000	*Within 1 year or on demand* HK$'000	*More than 1 year* HK$'000	*Carrying amount* HK$'000	*Total contractual undiscounted cash flows* HK$'000	*Within 1 year or on demand* HK$'000	*More than 1 year* HK$'000
Non-derivative liabilities								
Other accounts payables	499,426	499,426	499,426	-	502,841	502,841	502,841	-
Other payables and accrued expenses	1,436,910	1,436,910	1,436,910	-	1,224,435	1,224,435	1,224,435	-
Financial liabilities at fair value through profit or loss	45,768	45,768	-	45,768	71,519	71,595	10,473	61,122
Lease liabilities	162,661	170,574	93,586	76,988	174,111	182,572	97,926	84,646
Bank borrowings	784,255	838,403	38,933	799,470	1,384,659	1,593,835	89,155	1,504,680
Shareholder's loan	1,641,077	1,808,467	1,808,467	-	1,641,077	1,808,467	1,808,467	-
	4,570,097	4,799,548	3,877,322	922,226	4,998,642	5,383,745	3,733,297	1,650,448

	Carrying amount HK$'000	*Nominal amount* HK$'000	*Within 1 year or on demand* HK$'000	*More than 1 year* HK$'000	*Carrying amount* HK$'000	*Nominal amount* HK$'000	*Within 1 year or on demand* HK$'000	*More than 1 year* HK$'000
Derivative liabilities	429,741	7,527,747	1,524,638	6,003,109	647,292	5,818,664	521,309	5,297,355

4 Insurance and financial risk management (continued)

(2) Liabilities under investment contracts

The following table presents the estimated timing of payments for the amounts recognised in the consolidated statement of financial position arising from liabilities under investment contracts. These contracts typically include policyholder surrender or transfer options at a value equal to, or below, the carrying value of those liabilities.

	2025			*2024*		
	Total	*1 year or less*	*More than 1 year*	*Total*	*1 year or less*	*More than 1 year*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Investment contract liabilities (Note)	4,611,633	265,267	4,346,366	4,557,760	237,215	4,320,545

Note: The balance excludes HK$215,207,000 (2024: HK$192,889,000) of unearned revenue liability.

4 Insurance and financial risk management (continued)

(3) Insurance contracts

The following table provides a maturity analysis of the Group's insurance contracts, which reflects the dates on which the cash flows are expected to occur. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

	Estimates of present value of future cash (inflows)/outflows						
	1 year or less	*1 - 2 years*	*2 - 3 years*	*3 - 4 years*	*4 - 5 years*	*More than 5 years*	*Total*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2025							
Insurance contracts	(1,973,536)	(1,084,652)	(1,265,032)	2,015,845	3,664,960	68,722,876	70,080,461
31 December 2024							
Insurance contracts	(1,701,038)	(957,928)	533,688	147,590	2,947,481	57,993,220	58,963,013

4 Insurance and financial risk management (continued)

The amounts from insurance contract liabilities that are payable on demand are set out below.

	2025		*2024*	
	Amount payable on demand HK$'000	*Carrying amount* HK$'000	*Amount payable on demand* HK$'000	*Carrying amount* HK$'000
Insurance contracts	68,282,583	82,629,054	57,371,137	69,617,928

(iii) Interest rate risk

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

Interest rate profile

The following table details the interest rate profile of the Group's financial assets and financial liabilities at the end of the reporting period.

	2025 HK$'000	*2024* HK$'000
Financial assets		
Statutory deposits	6,592	5,602
Debt securities and loans and receivables	73,646,107	65,271,995
Loans to agents and staff	64,381	68,572
Cash and cash equivalents and deposits with banks maturing more than three months	6,896,363	5,603,317
Financial liabilities		
Investment contract liabilities (Note)	4,611,633	4,557,760
Bank borrowings	784,255	1,384,659
Shareholder's loan	1,641,077	1,641,077
Derivative liabilities	429,741	647,292

Note: The balance excludes HK$215,207,000 (2024: HK$192,889,000) of unearned revenue liability.

4 Insurance and financial risk management (continued)

Sensitivity analysis

While it is more difficult to measure the interest sensitivity of the insurance and investment contract liabilities than that of the related assets, to the extent that the Group can measure such sensitivities the Group believes that interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products.

An analysis of the Group's sensitivity to a 1% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

	Profit or loss		*Equity*	
	Increase HK$'000	*Decrease* HK$'000	*Increase* HK$'000	*Decrease* HK$'000
31 December 2025				
Insurance and reinsurance contracts	650,722	(906,226)	2,358,631	(3,260,486)
Financial instruments	(785,241)	954,418	(3,641,641)	4,404,378
31 December 2024				
Insurance and reinsurance contracts	414,623	(524,585)	1,750,252	(2,542,102)
Financial instruments	(537,952)	651,691	(3,081,721)	3,726,260

(iv) Currency risk

The Group’s currency exchange risk is mainly related to certain policies that are not written in the United States dollars. However, most of the policies are denominated in the United States dollars and Hong Kong dollars. As the Group’s investments are primarily made in the United States dollars, coupled with the fact that the Hong Kong dollars are pegged to the United States dollars, management does not believe that the currency risk is material. For investments made in non-United States dollars, the Group mitigates currency risk through the use of cross-currency swaps and forward contracts. Cross-currency swaps are used to minimise currency risk for certain non-United States dollar assets and liabilities through a pre-specified exchange of interest and principal. Forward contracts are used to hedge movements in exchange rates. As such, no sensitivity analysis is prepared for currency risk.

4 Insurance and financial risk management (continued)

Exposure to currency risk

The following table details the exposure at the end of the reporting period to currency risk arising from financial assets or financial liabilities which are presented in Hong Kong dollars.

	2025								
	United States Dollars HK'000	*Canadian Dollars* HK'000	*Macao Patacas* HK'000	*British Pounds* HK'000	*Australian Dollars* HK'000	*Euros* HK'000	*Chinese Renminbi* HK'000	*Japanese Yen* HK'000	*Singapore Dollars* HK'000
Financial assets									
Investments	72,536,363	-	-	-	-	-	-	-	-
Other account receivables	23,590	-	-	-	12	-	27	-	3
Other receivables	1,407,350	-	205	158	455	12	1,849	80	-
Cash and cash equivalents and deposits with banks maturing more than three months and segregated accounts	4,956,041	38	63,194	1,043	978	2,321	30,764	623	53
Derivative financial instruments	135,628	-	-	-	-	-	-	-	-
	79,058,972	38	63,399	1,201	1,445	2,333	32,640	703	56
Financial liabilities									
Derivative financial instruments	429,741	-	-	-	-	-	-	-	-
Other accounts payables	62,086	29	-	65	19	-	571	-	29
Other payables	654,346	-	4,974	172	929	1	17,151	-	-
Investment contract liabilities	1,925,762	-	103,804	437	1,557	-	16,784	-	-
Lease liabilities	-	-	-	-	-	-	6,077	-	-
	3,071,935	29	108,778	674	2,505	1	40,583	-	29
Notional amount of currency-related derivative contracts	(4,305,510)	1,705	-	(209,727)	3,073	(731,430)	(124,127)	(191,647)	-
Reinsurance contract assets	3,188,018	(4)	765	(2)	(11)	-	10,747	-	-
Insurance contract liabilities	(51,135,020)	(6,841)	(1,254,694)	(3,897)	(20,219)	(2,730)	(476,560)	-	-

4 Insurance and financial risk management (continued)

	2024								
	United States Dollars HK'000	*Canadian Dollars* HK'000	*Macao Patacas* HK'000	*British Pounds* HK'000	*Australian Dollars* HK'000	*Euros* HK'000	*Chinese Renminbi* HK'000	*Japanese Yen* HK'000	*Singapore Dollars* HK'000
Financial assets									
Investments	65,110,968	-	-	-	-	-	-	-	-
Other account receivables	21,747	-	-	-	7	-	-	-	3
Other receivables	1,434,267	-	50	111	16	(338)	1,747	21	-
Cash and cash equivalents and deposits with banks maturing more than three months and segregated accounts	3,622,715	578	39,929	676	242	4,319	17,166	598	44
Derivative financial instruments	130,240	-	-	-	-	-	-	-	-
	70,319,937	578	39,979	787	265	3,981	18,913	619	47
Financial liabilities									
Derivative financial instruments	647,292	-	-	-	-	-	-	-	-
Other accounts payables	86,936	12	-	60	17	-	829	-	23
Other payables	462,665	(13)	5,591	-	4	-	13,232	-	-
Investment contract liabilities	2,074,708	-	109,662	-	1,149	-	9,824	-	-
Lease liabilities	-	-	-	-	-	-	786	-	-
	3,271,601	(1)	115,253	60	1,170	-	24,671	-	23
Notional amount of currency-related derivative contracts	(14,668,986)	2,074	-	-	5,766	(97,382)	276,507	(130,937)	-
Reinsurance contract assets	1,760,244	-	(9,782)	-	(1)	-	16,350	-	-
Insurance contract liabilities	(40,360,205)	(2,977)	(1,144,036)	(1,628)	(6,652)	-	(214,407)	-	-

4 Insurance and financial risk management (continued)

(v) Equity price risk

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

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

At 31 December 2025, the unit trusts backing non-linked insurance contracts were classified as fair value through profit or loss at their fair value of HK$467,798,000 (2024: HK$480,160,000).

At 31 December 2025, it is estimated that an increase/decrease of 10% (2024: 10%) in the market value of Group's unit trusts backing non-linked insurance contracts, with all other variable held constant, would have increased/decreased the Group's total equity by HK$46,780,000 (2024: HK$48,016,000). The analysis is performed on the same basis for 2025.

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.

	Profit or loss		*Equity*	
	Increase HK$'000	*Decrease* HK$'000	*Increase* HK$'000	*Decrease* HK$'000
31 December 2025				
Insurance and reinsurance contracts	(687,042)	686,793	(788,164)	787,860
Financial instruments	1,087,415	(1,087,415)	1,087,415	(1,087,415)
31 December 2024				
Insurance and reinsurance contracts	(352,004)	351,600	(418,628)	418,201
Financial instruments	686,237	(686,237)	686,237	(686,237)

4 Insurance and financial risk management (continued)

(c) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

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

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

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

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

4 Insurance and financial risk management (continued)

The Group reviews the fair value hierarchy classification at each reporting period. Overall, reclassifications between levels occur when there are changes in the observability of inputs and market activity used in the valuation of a financial asset or liability. Such reclassifications are reported as transfers between levels at the beginning of the reporting period in which the changes occur. Given the types of assets classified as Level 1 (primarily debt securities and unit trusts), transfers between Level 1 and Level 2 measurement categories are expected to be infrequent. Transfers into and out of Level 3 are summarised in the schedule of changes in Level 3 assets and liabilities.

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

	Fair value measurements as at 31 December 2025 categorised into			*Fair value measurements as at 31 December 2024 categorised into*		
	Level 1 HK$'000	*Level 2* HK$'000	*Level 3* HK$'000	*Level 1* HK$'000	*Level 2* HK$'000	*Level 3* HK$'000
Recurring fair value measurement						
Assets						
Financial assets at fair value through profit or loss:						
- Private credit and other trust product type funds	-	-	126,271	-	-	139,982
- Listed equity	40	-	-	722,216	-	-
- Unlisted equity and other securities	-	-	4,766,412	-	-	3,069,976
- Leveraged and structured note investment	37,323	8,830,295	136,350	36,040	6,022,482	129,707
- Unit trust	5,276,647	6,361,766	966,304	2,696,187	5,821,025	667,566
- Interest in a joint venture	-	-	101,695	-	-	106,084
- Mutual fund	-	318	-	-	304	-
- Loans and receivables	-	-	953,942	-	-	-
Financial asset at fair value through other comprehensive income:						
- Debt securities	2,345,799	20,908,460	3,105,867	2,281,835	18,519,374	3,367,315
Derivative financial instruments						
- Currency swaps	-	127,170	-	-	121,966	-
- Forward contracts	-	8,458	-	-	8,274	-
Liabilities						
Derivative financial instruments						
- Currency swaps	-	(17,883)	-	-	(18,353)	-
- Forward contracts	-	(629)	-	-	(3,039)	-
- Collateral	-	-	-	-	(83,598)	-
- Bond forward	-	(411,229)	-	-	(320,792)	-
Preference share liability	-	-	-	-	-	(10,397)
Third-party interests in consolidated funds	-	-	(45,768)	-	-	(61,122)
Short position in listed equity	-	-	-	(221,510)	-	-
Investment contract liabilities (Note)	-	(4,611,633)	-	-	(4,557,760)	-

Note: The balance excludes HK$215,207,000 (2024: HK$192,889,000) of unearned revenue liability.

4 Insurance and financial risk management (continued)

During the year, there were no transfers between levels of fair value hierarchy.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

Debt securities

U.S. Treasury securities and obligations of U.S. government corporations and agencies - These securities are principally valued using the market approach. Level 2 valuations are based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques using standard market observable inputs such as the benchmark U.S. Treasury yield curve, the spreads versus the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

Debt securities issued by foreign governments and state and local government securities - These securities are principally valued using the market approach. Level 2 valuations are based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark U.S. Treasury or other yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar securities, including those within the same sub-sector or with a similar maturity or credit rating. Valuations based primarily on matrix pricing, discounted cash flow models or other valuation techniques that utilise significant inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data or from inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 are classified as Level 3.

4 Insurance and financial risk management (continued)

Assets-backed securities ("ABS") and mortgage-backed securities ("MBS") - These securities are principally valued using the market approach or the income approach. Level 2 valuations are based primarily on broker quotes, matrix pricing, discounted cash flow methodologies or other similar techniques using standard market inputs including spreads for similar, actively traded securities, spreads versus benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, issuer credit ratings, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, security structure, deal performance and loan vintage. If the matrix pricing, discounted cash flow models or other valuation techniques utilise significant inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, the fair value measurement is classified as Level 3.

Corporate securities - These securities are principally valued using the market or the income approaches. Level 2 valuations are based primarily on quoted prices in markets that are not active, broker quotes or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads versus benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities. Privately placed securities are valued using discounted cash flow models using standard market observable inputs, and inputs derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer. This level also includes securities priced by independent pricing services that use observable inputs. Valuations based on matrix pricing or other similar techniques that utilise significant unobservable inputs or inputs that cannot be derived principally from, or corroborated by, observable market data, including adjustments for illiquidity, delta spread adjustments or spreads to reflect industry trends or specific credit-related issues are classified as Level 3. In addition, inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 are classified as Level 3.

Unit trusts and equity and other securities

These securities are principally valued using the market approach. Level 2 valuations for equity securities are based on quoted market prices adjusted for certain factors, such as foreign market differential. If quoted market prices are not available, values provided by other third-party organisations are used. If values from other third parties are unavailable, certain equity securities, including privately held securities classified within equity securities, are valued using the market and the income approaches. Valuations are based primarily on matrix pricing, discounted cash flow methodologies or other similar techniques using inputs such as latest round of financing and market comparable peers. Certain of these securities are valued based on inputs including quoted prices for identical or similar securities and discounted cash flow. These valuations are based on lower levels of trading activity than securities classified in Level 2 and are classified as Level 3.

4 Insurance and financial risk management (continued)

Derivative financial instruments

These financial instruments are primarily valued using the market approach. The estimated fair value of derivatives is based primarily upon quotations obtained from counterparties and independent sources, such as quoted market values received from brokers. These quotations are compared to internally derived prices and a price challenge is lodged with the counterparties and an independent source when a significant difference cannot be explained by appropriate adjustments to the internal model.

When quoted market values are not reliable or available, the value is based upon an internal valuation process using market observable inputs that other market participants would use.

Significant inputs to the valuation of derivative financial instruments include Secured Overnight Financing Rate and Overnight Indexed Swap basis curves, interest rate volatility, swap yield curve, currency spot rates, cross currency basis curves and dividend yield curves. Due to the observability of the significant inputs to these fair value measurements, they are classified as Level 2.

Loans and receivables

Loans and receivables measured at FVTPL in 2025 are principally valued using the market approach. As the instrument was acquired during the year, fair value is determined by reference to the most recent transaction price, which is considered to represent the best available evidence of fair value at the reporting date. The valuation involves significant judgement and unobservable inputs. Accordingly, the fair value measurement is classified within Level 3 of the fair value hierarchy.

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

4 Insurance and financial risk management (continued)

Information about Level 3 fair value measurements

	Valuation techniques	*Significant unobservable inputs*	*Range Min*	*Max*	*Weighted average*
Financial assets:					
Debt securities					
- Corporate securities	Matrix pricing and DCF	Credit spread	80BPS	287BPS	126BPS
Equities securities, FVTPL					
- Unit trusts	Net asset value	Net asset value	NA	NA	NA
Equity and other securities, FVTPL					
- Limited liability partnership	Net asset value	Net asset value	NA	NA	NA
Loans and receivables, FVTPL					
- Loans and receivables	Recent transaction price	Discount rate	450BPS	650BPS	550BPS

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

Corporate securities - Internally-priced corporate securities classified in Level 3 include certain below investment grade watch list and distressed fixed maturity securities. For securities where discounted cash flows are used, the primary unobservable input is the internally-developed discount rate. Significant increases in the discount rate would result in a significantly lower fair value, with the opposite being true for decreases in the discount rate. In certain cases, the Group uses an estimated liquidation value of the borrower or underlying assets. The Group also applies market comparables, such as earnings before interest, taxes, depreciation and amortisation (EBITDA) multiples for certain securities. In isolation, an increase in the value of these inputs would result in an increase in fair value, with the opposite being true for decreases in the value of these inputs. As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in credit spread by 100 BPS would have increased/decreased the Group’s other comprehensive income by HK$212,116,000 (2024: HK$230,739,000). As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in credit spread by 100 BPS would have increased/decreased the Group’s profit or loss by HK$4,174,000 (2024: HK$4,175,000).

Unit trusts - The fair value estimation is based on the net asset value attributable to the Group determined by the respective fund managers. At 31 December 2025, for the fair value sensitivity analysis of unit trusts classified as Level 3, it is estimated that with all other variables held constant, a decrease/increase in net asset value by 10% would have decreased/increased the Group’s profit or loss by HK$96,630,000 (2024: HK$66,757,000).

4 Insurance and financial risk management (continued)

Partnership interest - The fair value estimation is based on the net asset value attributable to the Group determined by the respective fund managers. If such net asset value attributable to the Group is not yet readily available, adjustments to the fair value of the funds are made based on the latest net asset value with adjustments based on subsequent contribution made and distribution received by the Group. As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in net asset value by 10% would have increased/decreased the Group's profit or loss by HK$463,120,000 (2024: HK$293,999,000).

The gains or losses arising from the disposal of FVOCI securities are presented in "other investment revenue" in the consolidated statement of profit or loss. The net unrealised gains arising from the remeasurement of FVOCI securities are recognised in other comprehensive income.

Loans and receivables - The fair value estimation of loans and receivables measured at FVTPL in 2025 is determined by reference to the most recent transaction price to the net asset value of its underlying investments. The distribution of this investment is set out in note 4(b)(i). At 31 December 2025, for the fair value sensitivity analysis of loans and receivables classified as Level 3, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 100 BPS, affecting the base interest of the investment, would have increased/decreased the Group's profit or loss by HK$86,986,000 (2024: HK$Nil).

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

Information about Level 3 investment

Unlisted fair value through profit or loss investment	Valuation technique	Significant unobservable inputs
Trust products	Recent transaction price	Recent transaction price
Private credit funds and interest in a joint venture	Net asset value	Net asset value
Preference share liability	Discounted cashflow	Expected distribution from underlying fund investment per annum and net asset value of underlying fund investment
Unlisted equity	Market approach	Applied multiples, marketability discount
	Recent transaction price	Recent transaction price
Third-party interests in consolidated funds	Net asset value	Net asset value

4 Insurance and financial risk management (continued)

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

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

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

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

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

4 Insurance and financial risk management (continued)

	2025		*2024*	
Change in the relevant equity price risk variable:	%	*Effect on profit after tax and retained earnings* HK$'000	%	*Effect on profit after tax and retained earnings* HK$'000
Trust type fund products				
Increase	NA	NA	NA	NA
Decrease	NA	NA	NA	NA
Unlisted equity				
Increase	3	450	3	466
Decrease	(3)	(346)	(3)	(570)
Joint controlled entity				
Increase	10	10,170	10	10,608
Decrease	(10)	(10,170)	(10)	(10,608)
Private credit funds				
Increase	10	12,627	10	13,998
Decrease	(10)	(12,627)	(10)	(13,998)
Preference share liability				
Increase	10	-	10	-
Decrease	(10)	-	(10)	-
Third party interest in consolidated fund				
Increase	10	(4,332)	10	(4,803)
Decrease	(10)	4,332	(10)	4,803

4 Insurance and financial risk management (continued)

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

Financial assets at fair value through profit or loss

	2025 HK$'000	*2024* HK$'000
At 1 January	4,113,315	3,821,096
Purchase/capital injection	3,098,669	447,678
Settlement on disposal and redemption of products	(342,017)	(149,581)
Net realised (loss)/gain to profit or loss	(54,013)	153,924
Net unrealised gain/(loss) to profit or loss	229,540	(137,294)
Exchange alignment	5,480	(22,508)
At 31 December	7,050,974	4,113,315

Financial assets at fair value through other comprehensive income

	2025 HK$'000	*2024* HK$'000
At 1 January	3,367,315	3,734,145
Purchase	84,203	89,667
Settlements	(449,835)	(356,132)
Net realised gain/(loss) to profit or loss	20,859	(51,278)
Net unrealised gain/(loss) to other comprehensive income	74,868	(9,331)
Exchange alignment	8,457	(39,756)
At 31 December	3,105,867	3,367,315

4 Insurance and financial risk management (continued)

Financial liabilities at fair value through profit or loss

	2025 HK$'000	*2024* HK$'000
At 1 January	71,519	220,361
Shares redeemed	(10,428)	(91,356)
Distribution to third party investor	(11,260)	(50,129)
Fair value change	(4,063)	(7,357)
At 31 December	45,768	71,519

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

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

	2025		*Fair value measurements as at 31 December 2025 categorised into*		
	Carrying amount HK$'000	*Fair value* HK$'000	*Level 1* HK$'000	*Level 2* HK$'000	*Level 3* HK$'000
Debt securities	34,016,705	31,700,953	2,417,363	28,205,949	1,077,641
Loans and receivables	3,311,366	3,137,587	-	-	3,137,587

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

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

4 Insurance and financial risk management (continued)

(d) Financial assets and liabilities subject to offsetting, enforceable master netting arrangements

The following summarises gross and net information of derivative assets and liabilities, along with collateral received and posted in connection with a master netting agreement:

	2025					
	Gross HK$'000	*Gross amounts offset* HK$'000	*Net amount* HK$'000	*Due and accrued* HK$'000	*Collateral posted* HK$'000	*Net amount* HK$'000
Other accounts receivable	44,491	(34,463)	10,028	-	-	10,028
Other accounts payable	183,030	(34,463)	148,567	-	-	148,567
Derivative assets	148,318	(12,690)	135,628	387	(106,281)	29,734
Derivative liabilities	442,431	(12,690)	429,741	(920)	(414,137)	14,684

	2024					
	Gross HK$'000	*Gross amounts offset* HK$'000	*Net amount* HK$'000	*Due and accrued* HK$'000	*Collateral posted* HK$'000	*Net amount* HK$'000
Other accounts receivable	43,788	(33,587)	10,201	-	-	10,201
Other accounts payable	169,180	(33,587)	135,593	-	-	135,593
Derivative assets	131,363	(1,123)	130,240	3,513	(83,598)	50,155
Derivative liabilities	343,307	(1,123)	342,184	(157)	(317,452)	24,575

The Group's principal derivative market risk exposures are interest rate risk, which includes the impact of inflation, and credit risk. Interest rate risk pertains to the change in fair value of the derivative instruments as market interest rates move. The Group is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. In order to minimise credit risk the Group and its derivative counterparties generally enter into master agreements that require collateral to be posted in the amount owed under each transaction, subject to minimum transfer amounts. These same master agreements allow for contracts in a positive position, in which the Group is due amounts, to be offset by contracts in a negative position. This right of offset combined with collateral obtained from counterparties, reduces the Group's exposure. The Group regularly monitors counterparty credit ratings and exposures, derivatives positions and valuations, and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of exposure is minimised. The Group monitors this exposure as part of its management of the Group's overall credit exposures.

If amounts are due from the counterparty, they are reported as an asset. If amounts are due to the counterparty, they are reported as a liability. Negative values in the carrying value of a particular derivative category can result from the counterparty's right to offset carrying value positions in other derivative categories.

The uncertainties about the amount and timing of claims payment are typically resolved within one year.

4 Insurance and financial risk management (continued)

The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the other accounts receivable and other accounts payable together with derivative financial instruments classified under other payables presented in the consolidated statement of financial position.

	2025 HK$'000	*2024* HK$'000
Net amount of financial assets after offsetting as stated above	10,028	10,201
Financial assets not in scope of offsetting disclosure	252,157	219,371
	262,185	229,572
Net amount of financial liabilities after offsetting as stated above	148,567	135,593
Financial liabilities not in scope of offsetting disclosure	350,859	367,248
	499,426	502,841

(e) Claims development

The uncertainties about the amount and timing of claims payment are typically resolved within one year.

(f) Cash flow hedge

As at 31 December 2025, the Group uses bond forward contract to provide cash flow hedge in order to protect from interest rate volatility and re-investment risk, the market yield risk arising from the highly probable forecast reinvestment.

The hedge effectiveness is demonstrated by the contractual term in physical delivery of bond.

The potential sources of ineffectiveness are as below:

- Change in the delivery date for the hedged items;
- Change in cash level of the portfolio (below the notional amount of the contract) due to mis-payment of coupon or/and principal payment or significant below premium inflow from sales;
- Significant change in credit risk of the counterparty to the forward contract.

The Group assesses the hedge effectiveness at the inception of the hedge, at each reporting date and upon a significant change in the circumstances affecting the hedge effectiveness requirements.

As at 31 December 2025, bond forward contracts with nominal amount of $7,159,072,000 (2024: $5,356,863,000) have maturity of less than 5 years from the reporting date.

5 Critical accounting judgements and key sources of estimation uncertainty

(a) Actuarial assumptions on liabilities/assets for remaining coverage of insurance and reinsurance contracts

The process used to determine the assumptions is intended to result in estimates of the most likely outcome with reasonable provisions for possible adverse deviations.

The assumptions that are considered include the expected number and timing of deaths, surrenders, discount rates, renewal expenses and inflation over the period of exposure. Note 27(e) provides detailed information about the actuarial assumptions on liabilities/assets for remaining coverage of insurance and reinsurance contracts.

(b) Determination of consolidation scope and business combination

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

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

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

Note 21 provides detailed information about the subsidiaries of the Group, Note 22 provides detailed information about key assumptions used in the goodwill impairment assessment.

(c) Classification and fair value of derivatives and financial instruments

Under HKFRS 9, classification of financial instruments depends on the contractual cashflow characteristics (the Solely Payment of Principal and Interest ("SPPI") criteria) and driven by the business model of the entity. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity applies the election to measure at FVOCI. Management judgement is involved throughout the assessment.

The Group selects appropriate valuation techniques for financial instruments which are classified as Level 2 and 3 investments in accordance with the Group's significant accounting policies. Note 4(c) provides detailed information about the key assumptions used in the determination of the fair value of material financial instruments.

(d) Expected credit loss estimation

The Group selects appropriate methodology and assumptions in accordance with the Group's significant accounting policies. Note 2 provides detailed information about the key assumptions used in the determination of the expected credit loss of financial instruments classified under amortised cost and for debt instruments carried at FVOCI.

6 Insurance revenue

	2025 HK$'000	*2024* HK$'000
Contracts not measured under PAA		
Amounts relating to changes in liabilities for remaining coverage		
- CSM recognised for services provided	780,227	691,095
- Change in risk adjustment for non-financial risk for risk expired	(9,529)	(32,770)
- Expected incurred claims and other insurance service expenses	1,102,418	976,597
Recovery of insurance acquisition cash flows	877,989	806,430
	2,751,105	2,441,352
Contracts measured under PAA	324,415	357,849
Total insurance revenue (Note 27(a))	3,075,520	2,799,201

7 Net financial result

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

	Note	*2025* HK$'000	*2024* HK$'000
Investment return			
Interest revenue calculated using effective interest method (Note (b))		3,206,168	3,089,457
Other investment revenue (Note (c))		3,196,943	853,767
Net impairment loss on financial assets (Note (d))		(114,348)	(129,795)
Amounts recognised in profit or loss		6,288,763	3,813,429
Amounts recognised in other comprehensive income	*17*	770,364	(1,238,352)
Total investment return		7,059,127	2,575,077
Net finance (expenses)/income from insurance contracts			
Change in fair value of underlying items		(2,716,255)	(738,015)
Interest accreted		(2,243,166)	(2,578,990)
Effect of changes in interest rates and other financial assumptions		(1,462,207)	2,265,631
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition		572,456	(1,923,203)
Net foreign exchange gain/(loss)		51,705	(172,036)
Total net finance expenses from insurance contracts	*27(a)*	(5,797,467)	(3,146,613)
Net finance income from reinsurance contracts			
Interest accreted		355,042	346,122
Others		104,534	81,696
Total net finance income from reinsurance contracts	*27(a)*	459,576	427,818
Movement in investment contracts liabilities		(238,965)	(212,419)
Movement in third party interests consolidated funds		4,095	7,237
Net financial result		1,486,366	(348,900)
Net financial result is represented by:			
Amounts recognised in profit or loss		1,070,228	757,811
Amounts recognised in other comprehensive income		416,138	(1,106,711)
		1,486,366	(348,900)

7 Net financial result (continued)

(a) Insurance finance income and expenses

	2025 HK$'000	2024 HK$'000
Net finance expenses from insurance contracts		
Amounts recognised in profit or loss	(5,280,043)	(3,097,872)
Amounts recognised in other comprehensive income	(517,424)	(48,741)
	(5,797,467)	(3,146,613)
Net finance income from reinsurance contracts		
Amounts recognised in profit or loss	296,378	247,436
Amounts recognised in other comprehensive income	163,198	180,382
	459,576	427,818

(b) Interest revenue calculated using effective interest method

	2025 HK$'000	2024 HK$'000
Interest revenue calculated using effective interest method		
Related to insurance business		
Financial assets measured at amortised cost	1,802,282	1,873,097
Financial assets measured at fair value through other comprehensive income	1,366,258	1,175,588
	3,168,540	3,048,685
Related to other financial services		
Financial assets measured at amortised cost	34,929	39,856
Financial assets measured at fair value through profit or loss	2,699	916
	37,628	40,772
Total interest revenue calculated using effective interest method	3,206,168	3,089,457

7 Net financial result (continued)

(c) Other investment revenue

	2025 HK$'000	*2024* HK$'000
Related to insurance business		
Underlying items		
Net gains/(losses) of financial instruments designated at FVTPL		
Net unrealised gains/(losses) of debt securities	56,096	(135,730)
Net gains/(losses) of financial instruments mandatorily measured at FVTPL		
Net unrealised gains of debt securities	91,609	123,201
Net unrealised gains of equity securities, fund investment and unit trusts	1,691,156	154,920
Net realised gains of equity securities, fund investment and unit trusts (Note (i))	438,639	302,340
Net fair value movement on derivatives	(3,594)	(4,479)
Net gains in respect of financial instruments measured at FVTPL	2,273,906	440,252
Interest income for financial instruments designated at FVTPL	246,285	87,158
Interest income for financial instruments mandatorily measured at FVTPL	1,058	-
Dividend income from equity instruments measured at FVTPL	199,426	147,631
Others	1,954	1,665
	2,722,629	676,706

7 Net financial result (continued)

	2025 HK$'000	*2024* HK$'000
Related to insurance business		
Not underlying items		
At AC/FVOCI		
Net realised (losses)/gains of debt securities at FVOCI	(4,908)	2,720
Net realised gains/(losses) of debt securities at AC (Note (ii))	1,234	(7,609)
Net realised losses of loans and receivables	(3,783)	(32,439)
	(7,457)	(37,328)
At FVTPL		
Net gains/(losses) of financial instruments mandatorily measured at FVTPL		
Net unrealised gains of debt securities	86,696	83,225
Net realised gains/(losses) of debt securities	6,504	(351)
Net unrealised gains of equity securities, fund investment and others, unit trusts	131,697	103,709
Net realised losses of equity securities, fund investment and others, unit trusts	(44,905)	(106,923)
Net fair value movement on derivatives	(138,987)	(111,575)
	41,005	(31,915)
Interest income for financial instruments mandatorily measured at FVTPL	113,584	72,290
Dividend income from equity instruments measured at FVTPL	238,099	148,127
Others	1,444	-
	353,127	220,417
	386,675	151,174

7 Net financial result (continued)

	2025	*2024*
	HK$'000	HK$'000
Related to other financial business		
At FVTPL		
Net unrealised gains/(losses) of equity securities, fund investment and others	25,981	(156,159)
Net realised gains of equity securities, fund investment and others	25,311	154,485
Net fair value movement on derivatives	20,875	15,910
	72,167	14,236
Dividend income from equity instruments measured at FVTPL	15,472	11,651
	87,639	25,887
Total other investment revenue	3,196,943	853,767

Notes:

(i) The realised gain on disposal of securities at FVTPL, FVOCI and AC was HK$438,639,000 (2024: HK$302,340,000) during the year, which are related to the insurance contracts under the variable fee approach ("VFA").

(ii) Included in the other investment revenue, there were disposals and derecognition of debt securities at amortised cost resulted from investment risk management, rebalancing of investment portfolio and repayment from debt securities upon maturity.

7 Net financial result (continued)

(d) Net impairment loss on financial assets

	2025 HK$'000	*2024* HK$'000
<u>*Related to insurance business*</u>		
Not underlying items		
Impairment loss of amortised cost debt securities and loans and receivables	(40,130)	(130,708)
(Provision for)/reversal of impairment loss of fair value through other comprehensive income debt securities	(74,218)	913
Total net impairment loss on financial assets	(114,348)	(129,795)

8 Revenue from investment management and other financial services

	2025 HK$'000	*2024* HK$'000
Brokerage commission, interest and other service income	20,419	16,856
Subscription, management and rebate fee income	6,004	5,629
Referral fee income	1,846	-
Management fee for investment contracts	20,489	21,044
	48,758	43,529

9 Other income

	2025 HK$'000	*2024* HK$'000
Net gain on deemed partial disposal of associates	1,775	11,053
Trustee fee income	6,596	25,997
Other income	39,347	54,798
	47,718	91,848

10 Expenses

	2025	*2024*
	HK$'000	HK$'000
Claims and benefits	1,095,316	879,219
Fees and commissions	3,702,656	1,740,316
Losses and reversal of losses on onerous insurance contracts	(43,746)	14,045
Staff costs (Note a)	594,049	519,462
Auditors' remuneration		
- audit services	11,700	12,362
- non-audit services	2,924	2,922
Legal and professional costs	15,101	1,528
Depreciation and amortisation on property and equipment and other intangible assets	185,884	197,491
Impairment loss on:		
- Intangible assets	114,403	-
- Equity-accounted investee	55,709	-
- Other accounts receivable	228	326
- Other receivables	6,644	14,172
Information, data and communication expenses	21,001	22,156
Net exchange (gain)/loss	(17,134)	37,161
Movement in other contract assets	(12,476)	(12,202)
Others	379,034	353,060
Amounts attributed to insurance acquisition cash flows incurred during the year	(4,196,167)	(2,152,613)
Amortisation of insurance acquisition cash flows	937,400	869,057
	2,852,526	2,498,462
Represented by:		
Insurance service expenses	2,347,426	2,108,241
Other operating expenses	505,100	390,221
	2,852,526	2,498,462

10 Expenses (continued)

(a) Staff costs

	2025 HK$'000	*2024* HK$'000
Salaries, allowances and benefits in kind	562,930	489,013
Social welfare	31,119	30,449
	594,049	519,462

The Group operates the Mandatory Provident Fund Scheme (the "MPF scheme") for all qualified employees in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2024: HK$30,000). Contributions to the plan vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, unemployment insurance, health care insurance, housing funds and other social welfare plan operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labour and social welfare authorities on a regular basis. The social pension insurance and unemployment insurance are defined contribution plans. The contributions to the defined contribution plans are expensed as incurred.

There is no forfeited contribution from the defined contribution schemes for the year ended 31 December 2025 and 31 December 2024 that may be used by the Company and its subsidiaries to reduce the existing level of contributions as the contributions are fully vested to the employees immediately upon contributions are made.

During the year, wealth management products and securities brokerage transaction fees approximately amounted to HK$5,000 (2024: HK$5,000) were waived as part of staff benefit scheme.

11 Finance costs

	2025 HK$'000	*2024* HK$'000
Bank loan interest	65,840	96,062
Interest on lease liabilities	7,793	6,111
Interest on preference share liability	77	3,759
Other interest expense	6,905	9,302
Shareholder's loan interest	87,184	112,298
	167,799	227,532

12 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 HK$'000	*2024* HK$'000
Current tax		
Hong Kong		
Provision for the year – Profits Tax	90,123	68,774
Provision for the year – Global minimum tax	81,930	-
Over-provision in respect of prior years	(1,933)	(130)
Macao		
Provision for the year – Complementary Tax	-	7,838
Provision for the year – Global minimum tax	720	-
Over-provision in respect of prior years	-	(5,927)
Overseas		
Provision for the year	44	-
	170,884	70,555
Deferred tax		
Origination and reversal of temporary differences (Note 31(b))	(2,761)	56,598
	168,123	127,153

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

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

The provision for Hong Kong Profits Tax for 2025 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2024-25 subject to a maximum reduction of HK$3,000 for each business (2024: maximum reduction of HK$3,000 was granted for the year of assessment 2023-24 and was taken into account in calculating the provision for 2024).

The provision for Macao Complementary Tax is calculated at tax rate of 12.0% (2024: 12.0%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

12 Income tax in the consolidated statement of profit or loss (continued)

(b) Taxation in the consolidated statement of other comprehensive income represents:

	2025 HK$'000	*2024* HK$'000
Items that are or maybe reclassified subsequently to profit or loss		
Net movement in the fair value reserve during the year recognised in other comprehensive income	30,068	51,785
Exchange differences arising on translation of results of foreign operations	3,786	(9,327)
Net finance expenses from insurance contracts	12,805	29,252
Net finance income from reinsurance contracts	(16,385)	(13,889)
	30,274	57,821

12 Income tax in the consolidated statement of profit or loss (continued)

(c) *Reconciliation between tax expense and accounting profit at applicable tax rates:*

	2025 HK$'000	*2024* HK$'000
Profit before taxation	1,246,732	904,724
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	192,425	106,938
Tax effect of surplus transferred from Hong Kong long term individual life business	(250,560)	(90,871)
Notional tax on net premiums written in respect of Hong Kong long term individual life business	88,420	61,469
Difference in tax in foreign jurisdiction	9,337	6,439
Tax effect of non-taxable income	(39,721)	(21,418)
Tax adjustment in respect of prior years	(1,933)	(6,057)
Tax effect of non-deductible expenses	71,214	39,526
Tax effect of prior year's tax losses utilised this year	(1,390)	4
Tax effect of tax losses not recognised	16,449	27,683
Current tax expense related to global minimum tax	82,650	-
Others	1,232	3,440
Tax expenses	168,123	127,153

(d) *Pillar Two income taxes*

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

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

The Group has applied the temporary mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes for the top-up tax and accounted for the tax as current tax when incurred.

13 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025						
	Directors' fees HK$'000	*Salaries, allowances and benefits in kind* HK$'000	*Discretionary bonus (Note i)* HK$'000	*Contributions to Mandatory Provident Fund* HK$'000	*Sub-total* HK$'000	*Share-based payments (Note ii)* HK$'000	*Total* HK$'000
Chairman							
Yu Feng	-	-	-	-	-	-	-
Executive directors							
Huang Xin	-	-	-	-	-	-	-
Non-executive directors							
Hai Olivia Ou	240	12	-	-	252	-	252
Michael James O'Connor	-	-	-	-	-	-	-
Independent non-executive directors							
Chu Chung Yue, Howard	360	18	-	-	378	-	378
Qi Daqing	505	13	-	-	518	-	518
Xiao Feng	253	13	-	-	266	-	266
Liang Xinjun (Note iii)	90	5	-	-	95	-	95
Total	1,448	61	-	-	1,509	-	1,509

Notes:

i The discretionary bonus amount represents bonus accrued and approved for the year 2025.

ii It represents the estimated value of share award granted to the individuals under the Company's share award scheme. The value of these share awards are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(u).

iii Appointed as independent non-executive director effective on 5 September 2025.

13 Directors' emoluments (continued)

	2024						
	Directors' fees HK$'000	*Salaries, allowances and benefits in kind* HK$'000	*Discretionary bonus (Note i)* HK$'000	*Contributions to Mandatory Provident Fund* HK$'000	*Sub-total* HK$'000	*Share-based payments (Note ii)* HK$'000	*Total* HK$'000
Chairman							
Yu Feng	-	-	-	-	-	-	-
Executive directors							
Fang Lin (Note iii)	-	4,239	-	15	4,254	-	4,254
Huang Xin	-	-	-	-	-	-	-
Non-executive directors							
Hai Olivia Ou	240	12	-	-	252	-	252
Michael James O'Connor	-	-	-	-	-	-	-
Independent non-executive directors							
Chu Chung Yue, Howard	360	18	-	-	378	-	378
Qi Daqing	492	12	-	-	504	-	504
Xiao Feng	240	12	-	-	252	-	252
Total	1,332	4,293	-	15	5,640	-	5,640

Notes:

i The discretionary bonus amount represents bonus accrued and approved for the year 2024.

ii It represents the estimated value of share award granted to the individuals under the Company's share award scheme. The value of these share awards are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(u).

iii Resigned as executive director and chief executive officer effective on 18 October 2024.

14 Individual with highest emoluments

Of the five individuals with the highest emoluments, none (2024: one) of them is a director whose emoluments is disclosed in Note 13. The aggregate of the emoluments in respect of the five (2024: four) individuals are as follows:

	2025 HK$'000	*2024* HK$'000
Salaries, allowances and benefits in kind	13,283	15,225
Discretionary bonus	20,959	4,223
Contributions to Mandatory Provident Fund and retirement scheme contribution	1,226	1,113
	35,468	20,561

The emoluments of the five (2024: five) individuals with the highest emoluments are within the following bands:

	Number of individuals *2025*	*2024*
HK$3,000,001 to HK$3,500,000	-	2
HK$3,500,001 to HK$4,000,000	-	1
HK$4,000,001 to HK$4,500,000	-	1
HK$5,500,001 to HK$6,000,000	2	1
HK$6,500,001 to HK$7,000,000	1	-
HK$7,000,001 to HK$7,500,000	1	-
HK$10,000,001 to HK$10,500,000	1	-

15 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2025 of HK$652,550,000 (2024: profit attributable to equity shareholders of the Company of HK$470,788,000), and the weighted average number of shares in issue during the year ended 31 December 2025 of 3,904,980,965 (2024: 3,852,570,006).

Weighted average number of ordinary shares

	2025	*2024*
Issued ordinary shares at 1 January	3,867,991,673	3,867,991,673
Effect of issue of subscription shares *(note 36(e))*	52,410,959	-
Effect of shares held by share award scheme	(15,421,667)	(15,421,667)
Weighted average number of ordinary shares at 31 December	3,904,980,965	3,852,570,006

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2025 of HK$652,550,000 (2024: profit attributable to equity shareholders of the Company of HK$470,788,000), and the weighted average number of shares during the year ended 31 December 2025 of 3,904,980,965 (2024: 3,852,570,006).

Weighted average number of ordinary shares (diluted)

	2025	*2024*
Weighted average number of ordinary shares at 31 December	3,904,980,965	3,852,570,006
Weighted average number of ordinary shares *(diluted)* at 31 December	3,904,980,965	3,852,570,006

16 Segment reporting

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

16 Segment reporting (continued)

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

Consequently, the Group currently has two operating segments:

(i) Insurance business - engage in the writing of long term assurance business, which is operated by YF Life.

(ii) Other financial services and corporate includes

a) Securities brokerage - engages in securities brokerage and provision of custodian and other services;

b) Wealth and asset management - provision of fund and asset management services as well as financing and investing solution for corporate clients;

c) Principal investment - utilise capital 1) to provide funding on developing financial products and the funds managed by wealth management team 2) to improve returns on the Group's capital and cash flow management based on treasury management model that may involve (but shall not be limited to) holding fixed income instruments, high grade equity instruments and other financial investments;

d) Financial technology activities - includes administrative expenses, research and development costs, staff costs and data and technology related expenses related to the Group's financial technology activities to support other financial services function; and

e) Corporate service includes central administrative and financing functions to support other operating segments.

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

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

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

16 Segment reporting (continued)

(a) Segment revenue and results

For the year ended 31 December 2025

	Insurance business HK$'000	*Other financial services and corporate* HK$'000	*Total* HK$'000
Insurance revenue	3,075,520	-	3,075,520
Insurance service expenses	(2,347,426)	-	(2,347,426)
Net income from reinsurance contracts	80,778	-	80,778
Insurance service result	808,872	-	808,872
Allocated revenue from investment management and other financial services	20,489	28,269	48,758
Revenue from external party	829,361	28,269	857,630
Inter-segment income	933	-	933
Reportable segment revenue	830,294	28,269	858,563
Allocated investment return	6,163,496	125,267	6,288,763
Net finance expenses from insurance contracts	(5,280,043)	-	(5,280,043)
Net finance income from reinsurance contracts	296,378	-	296,378
Movement in investment contracts	(238,965)	-	(238,965)
Movement in financial liabilities related to third party interest in consolidated funds	-	4,095	4,095
Allocated other income	46,139	1,579	47,718
Allocated operating costs	(231,000)	(276,433)	(507,433)
Allocated finance costs	(7,285)	(5,990)	(13,275)
Share of loss of equity-accounted investees, net of tax	(125)	(111)	(236)
Impairment loss on equity-accounted investee	-	(55,709)	(55,709)
Reportable segment profit/(loss)	1,578,889	(179,033)	1,399,856
Elimination of inter-segment loss			1,400
Reportable segment profit derived from Group's external customers			1,401,256
Unallocated finance costs			(154,524)
Taxation			(168,123)
Profit for the year			1,078,609
Depreciation and amortisation on property and equipment and other intangible assets	181,279	4,605	185,884
Bank interest income	144,243	34,929	179,172
Reportable segment assets (including investment in associates and those identified intangible asset at acquisition of YF Life, cash and cash equivalent and fixed bank deposits with original maturity over 3 months)	106,597,077	2,623,789	109,220,866
Additions to non-current segment assets during the year other than associates	156,246	354,102	510,348
Cash and cash equivalents and fixed bank deposits with original maturity over 3 months	5,619,790	1,276,573	6,896,363
Investment in associates	73,793	80,175	153,968
Reportable segment liabilities (including those identified deferred tax liabilities at acquisition of YF Life)	(89,457,342)	(3,359,370)	(92,816,712)

16 Segment reporting (continued)

For the year ended 31 December 2024

	Insurance business HK$'000	*Other financial services and corporate* HK$'000	*Total* HK$'000
Insurance revenue	2,799,201	-	2,799,201
Insurance service expenses	(2,108,241)	-	(2,108,241)
Net expenses from reinsurance contracts	(59,369)	-	(59,369)
Insurance service result	631,591	-	631,591
Allocated revenue from investment management and other financial services	21,044	22,485	43,529
Revenue from external party	652,635	22,485	675,120
Inter-segment income	1,553	-	1,553
Reportable segment revenue	654,188	22,485	676,673
Allocated investment return	3,746,770	66,659	3,813,429
Net finance expenses from insurance contracts	(3,097,872)	-	(3,097,872)
Net finance income from reinsurance contracts	247,436	-	247,436
Movement in investment contracts	(212,419)	-	(212,419)
Movement in financial liabilities related to third party interest in consolidated funds	-	7,237	7,237
Allocated other income	79,677	12,171	91,848
Allocated operating costs	(269,085)	(126,589)	(395,674)
Allocated finance costs	(5,698)	(13,474)	(19,172)
Share of loss of equity-accounted investees, net of tax	-	(2,302)	(2,302)
Reportable segment profit/(loss)	1,142,997	(33,813)	1,109,184
Elimination of inter-segment loss			3,900
Reportable segment profit derived from Group's external customers			1,113,084
Unallocated finance costs			(208,360)
Taxation			(127,153)
Profit for the year			777,571
Depreciation and amortisation on property and equipment and other intangible assets	187,282	10,209	197,491
Bank interest income	128,730	39,856	168,586
Reportable segment assets (including investment in associates and those identified intangible asset at acquisition of YF Life, cash and cash equivalent and fixed bank deposits with original maturity over 3 months)	91,501,546	2,690,142	94,191,688
Additions to non-current segment assets during the year other than associates	168,297	9,715	178,012
Cash and cash equivalents and fixed bank deposits with original maturity over 3 months	4,893,846	709,471	5,603,317
Investment in associates	-	118,554	118,554
Reportable segment liabilities (including those identified deferred tax liabilities at acquisition of YF Life)	(75,894,993)	(4,486,699)	(80,381,692)

16 Segment reporting (continued)

(b) Reconciliation of segment assets and liabilities

	2025 HK$'000	*2024* HK$'000
Assets		
Reportable segment assets	109,220,866	94,191,688
Elimination of inter-segment asset transfer	(3,733)	(5,133)
Elimination of inter-segment receivables	(66,546)	(66,546)
	109,150,587	94,120,009
Goodwill	1,825,562	1,825,562
Deferred tax assets	122,855	95,940
Tax recoverable	25	39
Consolidated total assets	111,099,029	96,041,550

	2025 HK$'000	*2024* HK$'000
Liabilities		
Reportable segment liabilities	92,816,712	80,381,692
Elimination of inter-segment payables	(67,296)	(67,296)
	92,749,416	80,314,396
Tax payable	128,539	33,071
Consolidated total liabilities	92,877,955	80,347,467

(c) Geographical segment information

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

(d) Information about major customers

No customer account for more than 10% of the total revenue of the Group for the year ended 31 December 2025.

16 Segment reporting (continued)

(e) Net operating income

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

Insurance business segment

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

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

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

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

Other financial service segment

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

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

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

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

16 Segment reporting (continued)

	2025 HK$'000	*2024* HK$'000
Insurance business segment net operating income	1,384,500	1,166,800
Other financial services and corporate segment net operating loss	(30,900)	(32,900)
Net operating income	1,353,600	1,133,900
Adjust for the following profit or loss and expenses impact:		
Insurance business		
- Short-term fluctuations in investment returns, discount rate and exchange rate including fair value adjustments and the related subsequent change of the adjustments on acquisition of YF Life	7,200	(233,500)
- Other items	19,100	82,500
Other financial services		
- Investment return related to principal investment activity	(132,900)	300
- Finance costs related to long term borrowings	(153,024)	(208,360)
- Other items	(15,367)	2,731
Profit for the year	1,078,609	777,571

17 Other comprehensive income

Reclassification adjustments relating to components of other comprehensive income

	2025 HK$'000	*2024* HK$'000
Debt securities classified as fair value through other comprehensive income:		
Changes in fair value recognised during the year	691,238	(1,234,719)
Reclassification adjustments for amounts transferred to profit or loss:		
Net losses/(gains) on disposal	4,908	(2,720)
Provision for/(reversal of) impairment losses	74,218	(913)
Net movement in the fair value reserve during the year recognised in other comprehensive income	770,364	(1,238,352)

18 Property and equipment

	Properties leased for own use HK$'000	*Motor vehicle* HK$'000	*Leasehold improvements* HK$'000	*Office equipment and furniture* HK$'000	*Computer equipment* HK$'000	*Total* HK$'000
Cost						
At 1 January 2024	407,675	2,818	80,391	41,135	491,351	1,023,370
Additions	83,483	-	27,846	7,922	58,761	178,012
Write off and disposal	(106,860)	-	-	(18,244)	(1,565)	(126,669)
Exchange alignment	(2,516)	(18)	(792)	(299)	(3,847)	(7,472)
At 31 December 2024	381,782	2,800	107,445	30,514	544,700	1,067,241
At 1 January 2025	381,782	2,800	107,445	30,514	544,700	1,067,241
Additions	91,159	818	32,583	1,859	36,949	163,368
Write off and disposal	(157,862)	-	(2,974)	(2,094)	(38,049)	(200,979)
Exchange alignment	1,358	5	251	161	1,490	3,265
At 31 December 2025	316,437	3,623	137,305	30,440	545,090	1,032,895
Accumulated depreciation and impairment						
At 1 January 2024	213,526	885	53,304	25,426	97,769	390,910
Charge for the year	116,780	938	31,359	7,271	41,113	197,461
Write off and disposal	(106,860)	-	-	(17,771)	(1,563)	(126,194)
Exchange alignment	(1,453)	(10)	(642)	(201)	(1,253)	(3,559)
At 31 December 2024	221,993	1,813	84,021	14,725	136,066	458,618
At 1 January 2025	221,993	1,813	84,021	14,725	136,066	458,618
Charge for the year	106,756	1,142	23,143	5,927	48,887	185,855
Write off and disposal	(157,454)	-	(2,996)	(1,829)	(37,725)	(200,004)
Exchange alignment	731	2	218	108	489	1,548
At 31 December 2025	172,026	2,957	104,386	18,931	147,717	446,017
Net carrying amount						
At 31 December 2025	144,411	666	32,919	11,509	397,373	586,878
At 31 December 2024	159,789	987	23,424	15,789	408,634	608,623

18 Property and equipment (continued)

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025 HK$'000	*2024* HK$'000
Ownership interests in leasehold land and building held for own use with remaining lease term of:		
- Less than 10 years	144,411	159,789
Office equipment and furniture carried at depreciated cost	4,337	5,553
Computer equipment carried at depreciated cost	4,477	841
	153,225	166,183

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 HK$'000	*2024* HK$'000
Depreciation charge of right-of-use assets by class of underlying asset		
Properties leased for own use	106,757	116,780
Office equipment and furniture	1,299	1,825
Computer equipment	1,928	2,131
	109,984	120,736

	2025 HK$'000	*2024* HK$'000
Interest on lease liabilities	7,793	6,111
Expense relating to short-term leases and other leases	700	-

During the year, additions to right-of-use assets were HK$96,798,000 (2024: HK$87,786,000). This amount is primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities as of 31 December 2025 are set out in Notes 26 and 33, respectively.

As of 31 December 2025, there are no leases subject to variable lease payment arrangement.

19 Statutory deposits

	2025 HK$'000	*2024* HK$'000
Statutory deposits	6,592	5,602

The Group has deposited in the name of the Director of Accounting Services with a bank a sum of HK$1,585,000 (2024: HK$1,573,000) pursuant to section 77(2)(e) of the Hong Kong Trustee Ordinance and also with the exchanges and clearing house.

All of the statutory deposits are expected to be recovered after more than one year.

20 Investment in associates

Aggregate information of associates that are not individually material:

	2025 HK$'000	*2024* HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	153,968	118,554
Aggregate amounts of the Group's share of those associates'		
Loss from continuing operations	(411)	(2,302)
Other comprehensive income	15,666	(11,697)
Total comprehensive income	15,255	(13,999)

During 2025, the Group entered into an investment in an associate with an initial capital contribution of HK$74,092,000 (2024: HK$Nil).

21 Interests in subsidiaries

(a) Details of the subsidiaries principally affected the results and assets of the Group

The following list contains the details of the Company's subsidiaries as at which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	*Place of incorporation and business*	*Particular of issued shares/registered and fully paid-up capital (Note1)*	*Proportion of ownership interest*			*Principal activities*
			Group's effective interest	*Held by the Company*	*Held by a subsidiary*	
Yunfeng Asset Management Limited	Hong Kong	7,910,000 shares	100%	-	100%	Provision of assets management services
Yunfeng Securities Limited	Hong Kong	158,000,000 shares	100%	-	100%	Securities broking
Yunfeng Financial Markets Limited	Hong Kong	125,000,000 shares	100%	100%	-	Securities broking
Youyu Smart Technologies Limited	Hong Kong	7,500,000 shares	100%	-	100%	Provision of financial technology services
Yunfeng Financial International Holdings Limited	Hong Kong	1 share	100%	100%	-	Investment holding
Yuvan Limited	Hong Kong	1 share	100%	-	100%	Investment holding
Youyu Global Limited	Hong Kong	1 share	100%	100%	-	Provision of administrative services
YF Life Insurance International Limited	Hong Kong	3,716,000,000 shares	69.8%	-	69.8%	Long term assurance business
Protective Capital (International) Limited	Hong Kong	78,610,000 shares	69.8%	-	69.8%	Provision of general services
YF Life Services Limited	Hong Kong	2 shares	69.8%	-	69.8%	Provision of general services
YF Life Guardian Limited	Hong Kong	2 shares	69.8%	-	69.8%	Provision of general services
YF Life Trustees Limited	Hong Kong	73,000,000 shares	69.8%	-	69.8%	Provision of trustee services

21 Interests in subsidiaries (continued)

			Proportion of ownership interest			
Name of company	*Place of incorporation and business*	*Particular of issued shares/registered and fully paid-up capital (Note 1)*	*Group's effective interest*	*Held by the Company*	*Held by a subsidiary*	*Principal activities*
YF Life Consultants Limited	Hong Kong	50,000 shares	69.8%	-	69.8%	Provision of general services
YF Life Investors Limited	Hong Kong	5,000,000 shares	69.8%	-	69.8%	Provision of general services
北京雲鋒環球投資咨詢有限公司 (Note 2)	PRC	Registered capital RMB 70,000,000 Paid-up capital RMB48,022,624	100%	-	100%	Provision of advisory service, marketing and promoting products and public relations services
深圳市有魚智能科技有限公司 (Note 3)	PRC	Registered capital RMB 100,000,000 Paid-up capital RMB8,010,000	100%	-	100%	Technological development of computer software and hardware, technical consulting, technology services, database and computer network services
Majik Cayman GP 1 Limited	Caymans Island	1 share of US$1 each	100%	-	100%	Fund management
Majik Cayman GP 2 Limited	Caymans Island	1 share of US$1 each	100%	-	100%	Fund management
Majik Access USD Fund 1 L.P.	Caymans Island	US$114.2 million	65.7%	-	65.7%	Investment

Note 1: The class of shares held is ordinary shares unless otherwise stated.

Note 2: The company is registered as a wholly foreign-owned enterprise under the laws of the PRC.

Note 3: The company is registered as a limited liability company under the laws of the PRC.

Note 4: For the fund partnership entities, the balance represents capital commitment being made by limited partners to the partnership.

21 Interests in subsidiaries (continued)

(b) Information about material non-controlling interest

The following table lists out the information relating to YF Life, the only subsidiary with material non-controlling interest ("NCI") as at 31 December 2025. The summarised financial information presented below represents the amounts including intangible assets identified on acquisition date before any inter-company elimination.

	2025 HK$'000	*2024* HK$'000
NCI percentage	30.2%	30.2%
Total assets	106,719,883	91,597,431
Total liabilities	(89,585,881)	(75,928,064)
Total net assets	17,134,002	15,669,367
Net assets attributable to NCI	5,174,467	4,732,148
Goodwill attributable to NCI	531,276	531,276
Carrying amount of NCI	5,705,743	5,263,424
Insurance service result	809,805	633,144
Profit for the year	1,410,796	1,015,841
Total comprehensive income	1,764,635	(458,022)
Profit allocated to NCI	426,059	306,783
Dividend paid to NCI	(90,600)	-
Cash flows from operating activities	1,323,548	993,377
Cash flows from investing activities	(176,227)	24,472
Cash flows from financing activities	(482,779)	(299,542)

22 Goodwill and other intangible assets

(a) Goodwill

	2025 HK$'000	*2024* HK$'000
At 1 January and 31 December	1,829,046	1,829,046
Accumulated impairment loss		
At 1 January and 31 December	3,484	3,484
Carrying amount		
At 1 January and 31 December	1,825,562	1,825,562

The recoverable amount of the cash generating units containing goodwill or intangible assets arose from the acquisition of YF Life 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 their expectation for market development. The directors believed any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. Management of the Group determines that there are no impairments of its cash generating units containing goodwill and intangible assets.

In respect of insurance business, the recoverable amount was determined with reference to YF Life 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, as applicable.

Impairment test for goodwill

Goodwill arises primarily in respect of the Group's insurance business. Goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit, including goodwill, to the recoverable amount of that cash-generating unit. If the recoverable amount of the unit exceeds the carrying amount of the unit, the goodwill allocated to that unit shall be regarded as not impaired. The recoverable amount is the value in use of the cash-generating unit unless otherwise stated.

The value in use is determined with reference to an actuarially determined appraisal value, based on embedded value of the business and the present value of expected future new business of the cash-generating unit, as applicable. The present value of expected future new business, covering a ten year period (in line with industry practice), is based on financial budgets approved by management. The financial budgets reflect management's best estimate of future profit based on historical experience and best estimate operating assumptions such as premium and expenses.

22 Goodwill and other intangible assets (continued)

The key assumptions used in the embedded value calculations include risk discount rate, investment returns, mortality, morbidity, persistency, expenses and inflation. In the majority of instances these assumptions are aligned to those assumptions detailed in Section "Embedded Value". The present value of expected future new business is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projections. The risk discount rates that is used in the embedded value of the business and the present value of expected future new business is 8.75% (2024: 8.75%).

(b) Other intangible assets

	Trade name HK$'000	*Trading rights* HK$'000	*Club membership* HK$'000	*Computer software* HK$'000	*Digital assets* HK$'000	*Total* HK$'000
At cost						
At 1 January 2024	79,037	4,000	17,954	9,151	-	110,142
Disposal	-	-	(2,930)	-	-	(2,930)
Exchange alignment	(496)	-	(94)	(76)	-	(666)
At 31 December 2024 and 1 January 2025	78,541	4,000	14,930	9,075	-	106,546
Addition	-	-	-	-	401,549	401,549
Disposal	-	-	-	-	-	-
Exchange alignment	183	-	34	105	-	322
At 31 December 2025	78,724	4,000	14,964	9,180	401,549	508,417
Accumulated amortisation and impairment						
At 1 January 2024	-	3,500	-	8,467	-	11,967
Charge for the year	-	-	-	30	-	30
Exchange alignment	-	-	-	(57)	-	(57)
At 31 December 2024 and 1 January 2025	-	3,500	-	8,440	-	11,940
Charge for the year	-	-	-	29	-	29
Impairment	-	-	-	-	114,403	114,403
Exchange alignment	-	-	-	78	-	78
At 31 December 2025	-	3,500	-	8,547	114,403	126,450
Carrying amount						
At 31 December 2025	78,724	500	14,964	633	287,146	381,967
At 31 December 2024	78,541	500	14,930	635	-	94,606

22 Goodwill and other intangible assets (continued)

As at 31 December 2025, the Group had two (2024: two) trading rights in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and one (2024: one) trading right in the Hong Kong Futures Exchange Limited (the "Futures Exchange"), of which one trading rights in the Stock Exchange and one trading right in the Futures Exchange were fully amortised as at 31 December 2010. The Group has one (2024: one) club membership with indefinite useful life similar to the trading rights.

Trade name acquired in the acquisition of YF Life, 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 Chinese trade name is determined based on the relevant value of new business estimated by YF Life. 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.

During 2025, the Group purchased digital assets totalling HK$346,980,000, which were held as reserve assets in the open market. The Group assessed the recoverable amounts of those digital assets and as a result the carrying amount of the digital assets was written down to their recoverable amount of HK$232,577,000. An impairment loss of HK$114,403,000 was recognised. The estimates of recoverable amount were based on the digital assets' fair values less costs of disposal, using market approach by reference to recent sales price of similar assets. The fair value on which the recoverable amount is based on is categorised as Level 1 measurement.

Included in digital assets, a right to receive digital assets amounted to HK$54,569,000 which is expected to be settled within one year.

23 Investments

		Underlying items			*Others*					
		Participating	*Unit-linked*							
	Note	*FVTPL* HK$'000	*FVTPL* HK$'000	*Sub-total* HK$'000	*AC* HK$'000	*FVOCI* HK$'000	*FVTPL* HK$'000	*FV - hedging instrument* HK$'000	*Sub-total* HK$'000	*Total* HK$'000
At 31 December 2025										
Financial investments										
Debt securities	(b)	6,943,565	-	6,943,565	34,016,705	26,360,126	2,060,403	-	62,437,234	69,380,799
Loan and receivables		329,726	-	329,726	3,311,366	-	624,216	-	3,935,582	4,265,308
Unit trusts	(c)	5,488,512	6,361,767	11,850,279	-	-	754,438	-	754,438	12,604,717
Listed equity and other securities		-	-	-	-	-	40	-	40	40
Unlisted equity and other securities	(c)	1,382,151	-	1,382,151	-	-	3,612,545	-	3,612,545	4,994,696
		14,143,954	6,361,767	20,505,721	37,328,071	26,360,126	7,051,642	-	70,739,839	91,245,560
Derivative assets	(a)	3,860	-	3,860	-	-	131,768	-	131,768	135,628
		14,147,814	6,361,767	20,509,581	37,328,071	26,360,126	7,183,410	-	70,871,607	91,381,188
Derivative liabilities	(a)	596	-	596	-	-	17,916	411,229	429,145	429,741

23 Investments (continued)

		Underlying items			*Others*					
		Participating	*Unit-linked*							
	Note	*FVTPL* HK$'000	*FVTPL* HK$'000	*Sub-total* HK$'000	*AC* HK$'000	*FVOCI* HK$'000	*FVTPL* HK$'000	*FV - hedging instrument* HK$'000	*Sub-total* HK$'000	*Total* HK$'000
At 31 December 2024										
Financial investments										
Debt securities	(b)	4,054,932	-	4,054,932	30,658,106	24,168,524	2,133,297	-	56,959,927	61,014,859
Loan and receivables		-	-	-	4,257,136	-	-	-	4,257,136	4,257,136
Unit trusts	(c)	2,917,418	5,663,017	8,580,435	-	-	604,343	-	604,343	9,184,778
Listed equity and other securities		-	-	-	-	-	722,216	-	722,216	722,216
Unlisted equity and other securities	(c)	591,031	-	591,031	-	-	2,725,315	-	2,725,315	3,316,346
		7,563,381	5,663,017	13,226,398	34,915,242	24,168,524	6,185,171	-	65,268,937	78,495,335
Derivative assets	(a)	1,508	-	1,508	-	-	128,732	-	128,732	130,240
		7,564,889	5,663,017	13,227,906	34,915,242	24,168,524	6,313,903	-	65,397,669	78,625,575
Derivative liabilities	(a)	3,265	-	3,265	-	-	323,235	320,792	644,027	647,292

23 Investments (continued)

On 28 February 2018, the Group has entered a strategic fund management agreement with another well-established financial institution. By sharing the operating and financing decision making power through the agreement, the Group is no longer considered to be the principal of Majik Access USD Fund 2 LP. After the deconsolidation, the Group elects to measure its 34.04% investment holding in Majik Access USD Fund 2 LP held through a venture capital organisation, an indirect wholly-owned subsidiary, at fair value through profit or loss as management measures the performance of this jointly controlled entity on a fair value basis and considered to be exempted from applying the equity method. The valuation process and fair value information for the joint venture measured at fair value through profit or loss set out in Note 4. As of 31 December 2025, the carrying value of the jointly controlled entity amounted to HK$102 million (31 December 2024: HK$106 million).

At 31 December 2025, the Group's listed equity securities of approximately HK$nil (2024: HK$381,305,000) have been pledged to a broker for securities margin trading. Certain fund and other investments of HK$20,502,341,000 (2024: HK$20,188,874,000) have been pledged in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

Notes:

(a) Derivatives

The Group uses derivatives to provide economic hedges as part of its assets and liabilities management activities. The following table analyses the Group's derivatives by type of instrument.

	2025		*2024*	
	Assets HK$'000	*Liabilities* HK$'000	*Assets* HK$'000	*Liabilities* HK$'000
Underlying items				
Not designated as hedging instruments				
Forward contracts	3,860	596	1,508	-
	3,860	596	1,508	-
Others				
Designated as hedging instruments in net investment hedges				
Bond forward	-	411,229	-	320,792
Not designated as hedging instruments				
Currency swaps	127,170	17,883	121,966	18,353
Forward contracts	4,598	33	6,766	3,039
Collateral (note)	-	-	-	83,598
Short position in listed equity	-	-	-	221,510
	131,768	429,145	128,732	647,292
	135,628	429,741	130,240	647,292

Note: As at 31 December 2025, collateral of HK$106,532,000 is included in other payables and accrued expenses (note 30).

For more information about how the Group manages its market risks, see Note 4(d).

23 Investments (continued)

(b) Financial assets designated as at FVTPL

Certain debt investments have been designated as at FVTPL (see Note 2(j)). At 31 December 2025, the maximum exposure to credit risk of these financial assets was their carrying amount of HK$5,239,127,000 (2024: HK$3,386,044,000). The credit risk of these financial assets has not been hedged by the use of credit derivatives or similar instruments.

(c) Interests in collective investment schemes

(i) Included in financial assets designated at fair value through profit or loss on the consolidated statement of financial position are certain investments in collective investment schemes which have been designed so that voting or similar rights are not the dominant factor in deciding who controls these schemes. These collective investment schemes include investments in unit trusts and limited liability partnerships established by third parties. These schemes provide the group with a variety of investment opportunities through managed investment strategies.

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

23 Investments (continued)

(ii) In addition, the Group's subsidiary, YF Life Trustees Limited is the sponsor of Mass Mandatory Provident Fund scheme ('MPF scheme') as specified in the respective trust deeds. Management fee and trustee fee income that the Group recognised in profit or loss in return for the administration services provided to MPF Scheme that the Group sponsored amounted to HK$10,579,000 (2024: HK$30,336,000) for the year.

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

24 Other accounts receivable and accrued income

	2025 HK$'000	*2024* HK$'000
Other accounts receivable arising from securities brokerage:		
- Cash clients	168,561	157,211
- Margin clients	5,641	5,814
- Clearing house, brokers, fund managers and dealers	84,051	65,535
	258,253	228,560
Other service fees receivables	8,240	5,092
	266,493	233,652
Less: allowance for credit losses	(4,308)	(4,080)
	262,185	229,572

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

24 Other accounts receivable and accrued income (continued)

(a) Ageing analysis of other accounts receivable

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

	2025 HK$'000	*2024* HK$'000
Current	261,595	229,452
Less than 1 month past due	-	-
1 to 3 months past due	270	-
More than 3 months past due	320	120
Amounts past due	590	120
	262,185	229,572

The Group has procedures and policies to assess the client's credit quality and defines credit limits for each client. All client acceptance and credit limit are approved by designated approvers according to the client's creditworthiness.

(b) Other accounts receivable which are past due but not impaired

Included in the Group's other accounts receivable balance are debtors with an aggregate carrying amount of HK$590,000 (2024: HK$120,000) which are past due at the end of the reporting period for which the Group has not made provision for impairment loss.

As of 31 December 2025 and 2024, no amount due from cash clients which are past due but not impaired represented client trades which are unsettled beyond the settlement date.

There are no other accounts receivable from corporate clients (2024: Nil) and amount of HK$590,000 of other fee receivable (2024: HK$120,000) which are past due but not impaired. These represent other accounts receivable arising from provision of other financial services which have not yet been settled and aged by their invoice date. No impairment loss was provided for these balances as these clients are trade counterparties with sound credit rating and/or reputation.

24 Other accounts receivable and accrued income (continued)

(c) Impairment of other accounts receivables

The Group has a policy for allowance for credit losses which is based on the evaluation of collectability, ageing analysis of accounts and management's judgement including the creditworthiness, collaterals and the past collection history of each client.

The movement of the allowance for life time credit impaired losses during the year is as follows:

	2025	*2024*
	HK$'000	HK$'000
At 1 January	4,080	3,938
Provision for impairment loss recognised	228	326
Amount recovered during the year	-	-
Written off	-	(184)
At 31 December	4,308	4,080

Amount of HK$1,394,000 (2024: HK$1,166,000) relates to credit impaired other accounts receivable arising from the business of dealing in securities. HK$2,914,000 (2024: HK$2,914,000) relates to credit impaired other service fees receivables.

(d) Balance with related parties

At 31 December 2025, the balance of other service fee receivables includes fund management fee of approximately HK$1,676,000 (2024: HK$1,647,000) due from a joint venture of the Group.

25 Other receivables, deposits and prepayment

	Note	*2025* HK$'000	*2024* HK$'000
Utility and rental deposits	(i)	45,591	42,466
Loans to agents and staff		64,381	68,572
Accrued investment income		1,276,761	1,087,384
Prepayment, other deposits and receivables		223,073	433,429
Other receivable from non-controlling shareholders of a subsidiary		6,644	6,643
		1,616,450	1,638,494
Less: allowance for credit losses	(ii)	(29,231)	(22,587)
		1,587,219	1,615,907

Notes:

(i) The amount of utility and rental deposits expected to be recovered after more than one year is HK$41,192,000 (2024: HK$41,227,000).

(ii) Impairment of other receivables

Other receivable of HK$29,231,000 (2024: HK$22,587,000) is fully impaired as the recoverability of the balance is considered uncertain after credit assessment performed by management.

The movement of the allowance for credit losses during the year is as follows:

	2025 HK$'000	*2024* HK$'000
At 1 January	22,587	8,416
Provision for/(reversal of) impairment loss recognised	6,644	14,172
Amount written off	-	-
Exchange alignment	-	(1)
At 31 December	29,231	22,587

(iii) Except for those mentioned above in (i), all of the other receivables are expected to be recovered within one year.

26 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balances - trust and segregated accounts

	Note	2025 HK$'000	2024 HK$'000
Bank balance - trust and segregated accounts			
Deposit with bank		264,397	292,928
Less: impairment allowance	(iii)	(154)	(154)
	(i)	264,243	292,774
Fixed bank deposits with original maturity over 3 months			
Deposit with bank		1,593,902	1,229,988
Less: impairment allowance	(iii)	-	-
		1,593,902	1,229,988
Cash and cash equivalents			
Deposit with bank	(ii)	10,251	22,415
Fixed bank deposits with original maturity less than 3 months and short-term investments		1,757,132	1,599,910
Cash at bank and in hand		3,535,192	2,751,118
Less: impairment allowance	(iii)	(114)	(114)
Cash and cash equivalents in the statement of financial position		5,302,461	4,373,329

26 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balances - trust and segregated accounts (continued)

Notes:

(i) The Group maintains segregated accounts with authorised institutions to hold clients' money arising from its normal course of business of the regulated activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

(ii) The Group has made deposit with a bank as security deposit for bank overdraft facilities.

(iii) During the year, the movement of 12-month ECL provision is as follows:

	2025 HK$'000	*2024* HK$'000
At 1 January	268	268
Reversal of impairment loss recognised	-	-
Amount written off	-	-
At 31 December	268	268

(iv) The Group has pledged fixed deposits of HK$1,019,581,000 (2024: HK$965,904,000) to banks in favour of the Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

26 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balances - trust and segregated accounts (continued)

(a) Reconciliation to liabilities arising from financing activities for disclosure purpose

The table below details changes in the Group's liabilities from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Policyholders' deposit HK$'000	*Bank borrowings* HK$'000	*Preference shares* HK$'000	*Lease liabilities* HK$'000	*Shareholder's loan* HK$'000	*Total* HK$'000
At 31 December 2023 and 1 January 2024	4,711,015	1,399,479	101,873	212,240	1,641,077	8,065,684
Change from financing cash flow:						
Payment made to lease liabilities	-	-	-	(131,478)	-	(131,478)
Policyholders' account deposits	172,153	-	-	-	-	172,153
Policyholders' account withdrawals	(347,622)	-	-	-	-	(347,622)
Redemption of preference shares	-	-	(91,355)	-	-	(91,355)
Drawdown of bank loans	-	1,400,000	-	-	-	1,400,000
Repayment of a bank loan	-	(1,400,000)	-	-	-	(1,400,000)
Interest and other borrowing cost paid	-	(110,882)	-	-	-	(110,882)
Total change in financing cash flows	(175,469)	(110,882)	(91,355)	(131,478)	-	(509,184)
Net change in lease obligation	-	-	-	87,291	-	87,291
Finance charge and effective interest expenses	-	96,062	-	6,111	112,298	214,471
Fair value change	-	-	(121)	-	-	(121)
Interest credited to policyholders' account balances	182,839	-	-	-	-	182,839
Administrative fees	(27,747)	-	-	-	-	(27,747)
Other reserve changes	(9,544)	-	-	-	-	(9,544)
Other income	7,374	-	-	-	-	7,374
Transfer to the other payables and accruals	-	-	-	-	(112,298)	(112,298)
Exchange alignment	(3,923)	-	-	(53)	-	(3,976)
At 31 December 2024	4,684,545	1,384,659	10,397	174,111	1,641,077	7,894,789

26 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balances - trust and segregated accounts (continued)

	Policyholders' deposit HK$'000	*Bank borrowings* HK$'000	*Preference shares* HK$'000	*Lease liabilities* HK$'000	*Shareholder's loan* HK$'000	*Total* HK$'000
At 31 December 2024 and 1 January 2025	4,684,545	1,384,659	10,397	174,111	1,641,077	7,894,789
Change from financing cash flow:						
Payment made to lease liabilities	-	-	-	(115,833)	-	(115,833)
Policyholders' account deposits	243,282	-	-	-	-	243,282
Policyholders' account withdrawals	(314,868)	-	-	-	-	(314,868)
Redemption of preference shares	-	-	(10,429)	-	-	(10,429)
Repayment of a bank loan	-	(607,000)	-	-	-	(607,000)
Interest and other borrowing cost paid	-	(59,244)	-	-	-	(59,244)
Total change in financing cash flows	(71,586)	(666,244)	(10,429)	(115,833)	-	(864,092)
Net change in lease obligation	-	-	-	96,475	-	96,475
Finance charge and effective interest expenses	-	65,840	-	7,793	87,184	160,817
Fair value change	-	-	32	-	-	32
Interest credited to policyholders' account balances	204,634	-	-	-	-	204,634
Administrative fees	(27,512)	-	-	-	-	(27,512)
Other reserve changes	(11,180)	-	-	-	-	(11,180)
Other income	29,411	-	-	-	-	29,411
Transfer to the other payables and accruals	-	-	-	-	(87,184)	(87,184)
Exchange alignment	(3,367)	-	-	115	-	(3,252)
At 31 December 2025	4,804,945	784,255	-	162,661	1,641,077	7,392,938

26 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balances - trust and segregated accounts (continued)

(b) Bank balance - trust and segregated accounts

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of business of the regulated activities. The Group has classified the "bank balance - trust and segregated accounts" under current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. As at 31 December 2025, client money maintained in segregated accounts amounted to HK$264,243,000 (2024: HK$292,774,000).

27 Insurance and reinsurance contracts

	Note	*2025* HK$'000	*2024* HK$'000
Insurance contracts			
Insurance contract liabilities			
- Insurance contract balances	*27(a)(i)*	82,632,480	69,620,984
- Assets for insurance acquisition cash flows	*27(b)*	(3,426)	(3,056)
		82,629,054	69,617,928
Reinsurance contracts			
Reinsurance contract assets	*27(a)(ii)*	(7,482,492)	(6,790,716)

(a) Movements in insurance and reinsurance contract balances

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the consolidated statement of profit or loss and other comprehensive income. The Group presents a table separately analysing movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated statement of profit or loss and other comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

The estimates of the present value of future cash flows from insurance and reinsurance contract assets represent the Group's maximum exposure to credit risk from these assets.

27 Insurance and reinsurance contracts (continued)

(i) Insurance contracts

Analysis by remaining coverage and incurred claims

	2025						2024					
	Liabilities for remaining coverage		Liabilities for incurred claims				Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA						Contracts under PAA		
	Excluding loss component HK$'000	Loss component HK$'000	Contracts not under PAA HK$'000	Estimates of present value of future cash flows HK$'000	Risk adjustment for non-financial risk HK$'000	Total HK$'000	Excluding loss component HK$'000	Loss component HK$'000	Contracts not under PAA HK$'000	Estimates of present value of future cash flows HK$'000	Risk adjustment for non-financial risk HK$'000	Total HK$'000
Balance as at 1 January												
Opening assets	-	-	-	-	-	-	-	-	-	-	-	-
Opening liabilities	68,688,110	255,611	641,478	35,157	628	69,620,984	62,642,953	373,288	531,574	31,453	585	63,579,853
Net opening balance	68,688,110	255,611	641,478	35,157	628	69,620,984	62,642,953	373,288	531,574	31,453	585	63,579,853
Changes in the statement of profit or loss and OCI:												
Insurance revenue												
Contracts under the fair value transition approach	(1,980,669)	-	-	-	-	(1,980,669)	(1,902,199)	-	-	-	-	(1,902,199)
Other contracts	(1,094,851)	-	-	-	-	(1,094,851)	(897,002)	-	-	-	-	(897,002)
	(3,075,520)	-	-	-	-	(3,075,520)	(2,799,201)	-	-	-	-	(2,799,201)
Insurance service expenses												
Incurred claims and other insurance service expenses	-	(75,582)	1,121,727	207,412	90	1,253,647	-	(137,139)	997,543	246,231	47	1,106,682
Amortisation of insurance acquisition cash flows	937,400	-	-	-	-	937,400	869,057	-	-	-	-	869,057
Losses and reversals of losses on onerous contracts	-	(43,746)	-	-	-	(43,746)	-	14,045	-	-	-	14,045
Adjustments to liabilities for incurred claims	-	-	182,477	17,648	-	200,125	-	-	100,076	18,381	-	118,457
	937,400	(119,328)	1,304,204	225,060	90	2,347,426	869,057	(123,094)	1,097,619	264,612	47	2,108,241
Investment components and premium refunds	(3,376,460)	-	3,376,460	-	-	-	(4,978,998)	-	4,978,998	-	-	-
Insurance service result	(5,514,580)	(119,328)	4,680,664	225,060	90	(728,094)	(6,909,142)	(123,094)	6,076,617	264,612	47	(690,960)
Net finance expenses from insurance contracts	5,795,667	3,473	(1,670)	(3)	-	5,797,467	3,139,459	6,234	802	118	-	3,146,613
Effect of movements in exchange rates	138,698	727	5,275	9	-	144,709	(425,251)	(817)	(388)	(120)	(4)	(426,580)
Total changes in statement of profit or loss and OCI	419,785	(115,128)	4,684,269	225,066	90	5,214,082	(4,194,934)	(117,677)	6,077,031	264,610	43	2,029,073
Cash flows												
Premiums received	16,339,971	-	-	-	-	16,339,971	12,380,822	-	-	-	-	12,380,822
Claims and other insurance service expenses paid, including investment components	-	-	(6,911,338)	(224,535)	-	(7,135,873)	-	-	(7,261,295)	(260,906)	-	(7,522,201)
Insurance acquisition cash flows	(3,986,807)	-	-	-	-	(3,986,807)	(2,140,731)	-	-	-	-	(2,140,731)
Other amounts received	-	-	2,580,123	-	-	2,580,123	-	-	1,294,168	-	-	1,294,168
Total cash flows	12,353,164	-	(4,331,215)	(224,535)	-	7,797,414	10,240,091	-	(5,967,127)	(260,906)	-	4,012,058
Net closing balance as at 31 December	81,461,059	140,483	994,532	35,688	718	82,632,480	68,688,110	255,611	641,478	35,157	628	69,620,984
Closing assets	-	-	-	-	-	-	-	-	-	-	-	-
Closing liabilities	81,461,059	140,483	994,532	35,688	718	82,632,480	68,688,110	255,611	641,478	35,157	628	69,620,984
Net closing balance as at 31 December	81,461,059	140,483	994,532	35,688	718	82,632,480	68,688,110	255,611	641,478	35,157	628	69,620,984

27 Insurance and reinsurance contracts (continued)

Analysis by measurement component

	2025					*2024*				
			CSM					*CSM*		
	Estimates of present value of future cash flows HK$'000	*Risk adjustment for non-financial risk* HK$'000	*Contracts under fair value transition approach* HK$'000	*Other contracts* HK$'000	*Total* HK$'000	*Estimates of present value of future cash flows* HK$'000	*Risk adjustment for non-financial risk* HK$'000	*Contracts under fair value transition approach* HK$'000	*Other contracts* HK$'000	*Total* HK$'000
Balance as at 1 January										
Opening assets	-	-	-	-	-	-	-	-	-	-
Opening liabilities	58,927,857	1,456,765	6,975,446	2,147,053	69,507,121	53,686,315	1,688,580	6,193,932	1,905,829	63,474,656
Net opening balance	58,927,857	1,456,765	6,975,446	2,147,053	69,507,121	53,686,315	1,688,580	6,193,932	1,905,829	63,474,656
Changes in the statement of profit or loss and OCI:										
Change that relate to current services										
CSM recognised for service provided	-	-	(558,791)	(221,436)	(780,227)	-	-	(554,046)	(137,049)	(691,095)
Change in risk adjustment for non-financial risk or risk expired	-	7,205	-	-	7,205	-	30,422	-	-	30,422
Experience adjustments	(43,505)	-	-	-	(43,505)	(103,899)	-	-	-	(103,899)
Change that relate to future services										
Contracts initially recognised in the period	(1,922,041)	110,316	-	1,833,616	21,891	(836,088)	92,482	-	765,773	22,167
Changes in estimates that adjust the CSM	(521,342)	139,945	(41,876)	423,273	-	(427,609)	(362,237)	1,209,241	(419,395)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(74,549)	8,912	-	-	(65,637)	(26,165)	18,043	-	-	(8,122)
Changes that relate to past services										
Adjustments to liabilities for incurred claims	182,477	-	-	-	182,477	100,079	-	-	-	100,079
Adjustments to liabilities for remaining coverage	(10,444)	-	-	-	(10,444)	(9,947)	-	-	-	(9,947)
Insurance service result	(2,389,404)	266,378	(600,667)	2,035,453	(688,240)	(1,303,629)	(221,290)	655,195	209,329	(660,395)
Net finance expenses from insurance contracts	5,597,736	-	153,542	46,312	5,797,590	2,927,955	-	171,928	46,317	3,146,200
Effect of movements in exchange rates	138,070	1,885	16,024	(11,400)	144,579	(355,600)	(10,525)	(45,609)	(14,422)	(426,156)
Total changes in statement of profit or loss and OCI	3,346,402	268,263	(431,101)	2,070,365	5,253,929	1,268,726	(231,815)	781,514	241,224	2,059,649
Cash flows										
Premiums received	16,025,452	-	-	-	16,025,452	12,022,383	-	-	-	12,022,383
Claims and other insurance service expenses paid, including investment components	(6,911,336)	-	-	-	(6,911,336)	(7,261,295)	-	-	-	(7,261,295)
Insurance acquisition cash flows	(3,923,723)	-	-	-	(3,923,723)	(2,082,440)	-	-	-	(2,082,440)
Oher amounts received	2,580,123	-	-	-	2,580,123	1,294,168	-	-	-	1,294,168
Total cash flows	7,770,516	-	-	-	7,770,516	3,972,816	-	-	-	3,972,816
Net closing balance as at 31 December	70,044,775	1,725,028	6,544,345	4,217,418	82,531,566	58,927,857	1,456,765	6,975,446	2,147,053	69,507,121
Closing assets	-	-	-	-	-	-	-	-	-	-
Closing liabilities	70,044,775	1,725,028	6,544,345	4,217,418	82,531,566	58,927,857	1,456,765	6,975,446	2,147,053	69,507,121
Net closing balance as at 31 December	70,044,775	1,725,028	6,544,345	4,217,418	82,531,566	58,927,857	1,456,765	6,975,446	2,147,053	69,507,121

27 Insurance and reinsurance contracts (continued)

(ii) Reinsurance contracts

Analysis by remaining coverage and incurred claims

	2025					2024				
	Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component HK$'000	Loss-recovery component HK$'000	Contracts not under PAA HK$'000	Contracts under PAA HK$'000	Total HK$'000	Excluding loss-recovery component HK$'000	Loss-recovery component HK$'000	Contracts not under PAA HK$'000	Contracts under PAA HK$'000	Total HK$'000
Balance as at 1 January										
Opening assets	6,265,013	78,525	408,605	38,573	6,790,716	5,747,748	181,667	563,114	25,137	6,517,666
Opening liabilities	-	-	-	-	-	-	-	-	-	-
Net opening balance	6,265,013	78,525	408,605	38,573	6,790,716	5,747,748	181,667	563,114	25,137	6,517,666
Changes in the statement of profit or loss and OCI:										
Allocation of reinsurance premium paid	(291,557)	-	-	-	(291,557)	(214,460)	-	-	-	(214,460)
Amounts recoverable from reinsurers										
Recoveries of incurred claims and other insurance service expenses	-	(39,322)	285,708	14,425	260,811	-	(101,120)	161,803	11,016	71,699
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(15,788)	-	-	(15,788)	-	(5,809)	-	-	(5,809)
Adjustments to assets for incurred claims	-	-	99,763	3,439	103,202	-	-	79,741	4,624	84,365
	-	(55,110)	385,471	17,864	348,225	-	(106,929)	241,544	15,640	150,255
Investment components and premium refunds	(2,436,307)	-	2,436,172	135	-	(1,437,930)	-	1,437,626	304	-
Effect of changes in non-performance risk of reinsurers	24,110	-	-	-	24,110	4,836	-	-	-	4,836
Net income/(expenses) from reinsurance contracts	(2,703,754)	(55,110)	2,821,643	17,999	80,778	(1,647,554)	(106,929)	1,679,170	15,944	(59,369)
Net finance income from reinsurance contracts	459,263	1,273	(983)	23	459,576	423,136	4,253	411	18	427,818
Effect of movements in exchange rates	16,048	129	(1,023)	(25)	15,129	(46,126)	(466)	(1,677)	(20)	(48,289)
Total changes in statement of profit or loss and OCI	(2,228,443)	(53,708)	2,819,637	17,997	555,483	(1,270,544)	(103,142)	1,677,904	15,942	320,160
Cash flows										
Premiums paid	2,871,763	-	-	-	2,871,763	1,816,282	-	-	-	1,816,282
Amounts received	-	-	(2,540,288)	(2,381)	(2,542,669)	-	-	(2,613,452)	(2,506)	(2,615,958)
Other amounts (received)/paid	(16,266)	-	(176,535)	-	(192,801)	(28,473)	-	781,039	-	752,566
Total cash flows	2,855,497	-	(2,716,823)	(2,381)	136,293	1,787,809	-	(1,832,413)	(2,506)	(47,110)
Net closing balance as at 31 December	6,892,067	24,817	511,419	54,189	7,482,492	6,265,013	78,525	408,605	38,573	6,790,716
Closing assets	6,892,067	24,817	511,419	54,189	7,482,492	6,265,013	78,525	408,605	38,573	6,790,716
Closing liabilities	-	-	-	-	-	-	-	-	-	-
Net closing balance as at 31 December	6,892,067	24,817	511,419	54,189	7,482,492	6,265,013	78,525	408,605	38,573	6,790,716

27 Insurance and reinsurance contracts (continued)

Analysis by measurement component

	2025					2024				
			CSM					CSM		
	Estimates of present value of future cash flows HK$'000	*Risk adjustment for non-financial risk* HK$'000	*Contracts under fair value transition approach* HK$'000	*Other contracts* HK$'000	*Total* HK$'000	*Estimates of present value of future cash flows* HK$'000	*Risk adjustment for non-financial risk* HK$'000	*Contracts under fair value transition approach* HK$'000	*Other contracts* HK$'000	*Total* HK$'000
Balance as at 1 January										
Opening assets	5,686,702	164,980	841,020	62,689	6,755,391	5,499,772	119,479	862,596	13,572	6,495,419
Opening liabilities	-	-	-	-	-	-	-	-	-	-
Net opening balance	5,686,702	164,980	841,020	62,689	6,755,391	5,499,772	119,479	862,596	13,572	6,495,419
Changes in the statement of profit or loss and OCI:										
Change that relate to current services										
CSM recognised for service received	-	-	(32,464)	(9,927)	(42,391)	-	-	(20,759)	(8,429)	(29,188)
Change in risk adjustment for non-financial risk or risk expired	-	(1,357)	-	-	(1,357)	-	994	-	-	994
Experience adjustments	11,503	-	-	-	11,503	(118,665)	-	-	-	(118,665)
Change that relate to future services										
Contracts initially recognised in the period	(17,753)	11,096	-	12,533	5,876	(36,459)	8,634	-	33,798	5,973
Changes in estimates that adjust the CSM	(95,223)	7,428	108,497	(20,702)	-	(53,685)	36,542	(8,151)	25,294	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(21,473)	(191)	-	-	(21,664)	(11,910)	128	-	-	(11,782)
Changes that relate to past services										
Adjustments to assets for incurred claims	99,764	-	-	-	99,764	79,741	-	-	-	79,741
Effect of changes in non-performance risk of reinsurance	24,110	-	-	-	24,110	4,836	-	-	-	4,836
Net income/(expenses) from reinsurance contracts	928	16,976	76,033	(18,096)	75,841	(136,142)	46,298	(28,910)	50,663	(68,091)
Net finance income/(expenses) from reinsurance contracts	442,361	-	11,875	5,347	459,583	412,088	-	15,095	638	427,821
Effect of movements in exchange rates	14,249	176	4,685	(3,987)	15,123	(37,552)	(797)	(7,761)	(2,184)	(48,294)
Total changes in statement of profit or loss and OCI	457,538	17,152	92,593	(16,736)	550,547	238,394	45,501	(21,576)	49,117	311,436
Cash flows										
Premiums paid	2,860,602	-	-	-	2,860,602	1,809,422	-	-	-	1,809,422
Amounts received	(2,540,288)	-	-	-	(2,540,288)	(2,613,452)	-	-	-	(2,613,452)
Other amounts (received)/paid	(192,801)	-	-	-	(192,801)	752,566	-	-	-	752,566
Total cash flows	127,513	-	-	-	127,513	(51,464)	-	-	-	(51,464)
Net closing balance as at 31 December	6,271,753	182,132	933,613	45,953	7,433,451	5,686,702	164,980	841,020	62,689	6,755,391
Closing assets	6,271,753	182,132	933,613	45,953	7,433,451	5,686,702	164,980	841,020	62,689	6,755,391
Closing liabilities	-	-	-	-	-	-	-	-	-	-
Net closing balance as at 31 December	6,271,753	182,132	933,613	45,953	7,433,451	5,686,702	164,980	841,020	62,689	6,755,391

27 Insurance and reinsurance contracts (continued)

(b) Assets for insurance acquisition cash flows

The following table shows the reconciliation from the opening to the closing balance for assets for insurance acquisition cash flows.

	2025 HK$'000	*2024* HK$'000
Balance as at 1 January	3,056	2,409
Amounts incurred during the year	4,196,167	2,152,613
Amounts derecognised and included in the measurement of insurance contracts	(4,195,797)	(2,151,966)
Balance as at 31 December	3,426	3,056

The following table sets out when the Group expects to derecognise assets for insurance acquisition cash flows after the reporting date.

	As at 31 December 2025 HK$'000	*As at 31 December 2024* HK$'000
One year or less	145	220
Two to five years	687	647
Five to ten years	674	644
More than ten years	1,920	1,545
	3,426	3,056

27 Insurance and reinsurance contracts (continued)

(c) 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 during the period.

(i) Insurance contracts

	Profitable contracts issued HK$'000	*Onerous contracts issued* HK$'000	*Total* HK$'000
Year ended 31 December 2025			
Claims and other insurance service expense payable	12,797,440	1,405,723	14,203,163
Insurance acquisition cash flows	4,385,477	167,969	4,553,446
Estimates of present value of cash outflows	17,182,917	1,573,692	18,756,609
Estimates of present value of cash inflows	(19,123,640)	(1,555,010)	(20,678,650)
Risk adjustment for non-financial risk	107,107	3,209	110,316
CSM	1,833,616	-	1,833,616
Losses recognised on initial recognition	-	21,891	21,891
Year ended 31 December 2024			
Claims and other insurance service expense payable	7,178,588	1,130,042	8,308,630
Insurance acquisition cash flows	1,916,086	179,404	2,095,490
Estimates of present value of cash outflows	9,094,674	1,309,446	10,404,120
Estimates of present value of cash inflows	(9,944,835)	(1,295,373)	(11,240,208)
Risk adjustment for non-financial risk	84,388	8,094	92,482
CSM	765,773	-	765,773
Losses recognised on initial recognition	-	22,167	22,167

27 Insurance and reinsurance contracts (continued)

(ii) Reinsurance contracts

	Reinsurance contracts held HK$'000
Balance as at 31 December 2025	
Estimates of present value of cash inflows	2,696,691
Estimates of present value of cash outflows	(2,714,444)
Risk adjustment for non-financial risk	11,096
Income recognised on initial recognition	(5,876)
CSM	(12,533)
Balance as at 31 December 2024	
Estimates of present value of cash inflows	2,552,711
Estimates of present value of cash outflows	(2,589,170)
Risk adjustment for non-financial risk	8,634
Income recognised on initial recognition	(5,973)
CSM	(33,798)

27 Insurance and reinsurance contracts (continued)

(d) Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

	31 December 2025				
	1 year or less HK$'000	*2 to 5 years* HK$'000	*5 to 10 years* HK$'000	*More than 10 years* HK$'000	*Total* HK$'000
Insurance contracts	803,593	2,699,569	2,321,207	4,937,394	10,761,763
Reinsurance contracts	(64,903)	(257,375)	(235,903)	(421,385)	(979,566)

	31 December 2024				
	1 year or less HK$'000	*2 to 5 years* HK$'000	*5 to 10 years* HK$'000	*More than 10 years* HK$'000	*Total* HK$'000
Insurance contracts	741,816	2,437,909	2,023,750	3,919,024	9,122,499
Reinsurance contracts	(62,789)	(290,412)	(221,209)	(329,299)	(903,709)

(e) Significant judgements and estimates

(i) Fulfilment cash flows

Fulfilment cash flows comprise:

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

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

27 Insurance and reinsurance contracts (continued)

Estimates of future cash flows

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

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

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

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

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

- claims handling, maintenance and administration costs;

- costs that the Group will incur in providing investment services; and

- costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs.

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

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

27 Insurance and reinsurance contracts (continued)

Methodology and assumptions

(1) Mortality

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

(2) Morbidity

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

(3) Withdrawal

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

(4) Discount rates

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

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

As at 31 December 2025	*1 year*	*5 years*	*10 years*	*15 years*	*20 years*
USD	3.45% - 4.17%	3.70% - 4.42%	4.20% - 4.92%	4.67% - 5.39%	4.97% - 5.69%
HKD	2.63% - 3.35%	2.72% - 3.44%	3.10% - 3.82%	3.33% - 4.05%	3.45% - 4.17%

As at 31 December 2024	*1 year*	*5 years*	*10 years*	*15 years*	*20 years*
USD	4.11% - 4.85%	4.34% - 5.08%	4.55% - 5.29%	4.77% - 5.51%	4.90% - 5.64%
HKD	3.88% - 4.62%	3.60% - 4.34%	3.65% - 4.39%	3.72% - 4.46%	3.75% - 4.49%

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

27 Insurance and reinsurance contracts (continued)

Risk adjustments for non-financial risk

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

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

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

(ii) Contractual service margin

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

(iii) Investment components

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

(iv) Fair value of insurance contracts

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

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

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

27 Insurance and reinsurance contracts (continued)

- considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear; and

- includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts.

(v) Underlying items of contracts with direct participating features

See Note 23 for the composition and the fair value of underlying items of the Group's participating contracts at the reporting date.

28 Investment contract

	Note	*2025* HK$'000	*2024* HK$'000
Policyholders' deposits	(i)	4,524,734	4,467,914
Future policyholders' benefits	(ii)	86,899	89,846
Unearned revenue liability	(iii)	215,207	192,889
		4,826,840	4,750,649
Other contract asset	(v)	147,492	134,763

28 Investment contract (continued)

Notes:

(i) Policyholders' deposits

Analysis of movement in policyholders' deposits:

	2025 HK$'000	*2024* HK$'000
At 1 January	4,467,914	4,505,381
Contributions received during the year	118,517	100,685
Net fee and charges deducted from account balances (Note 8)	(20,489)	(21,044)
Interest credited to account balances	204,634	182,839
Redemptions due for payment in current year	(244,408)	(287,507)
Other movements	1,933	(8,517)
Exchange alignment	(3,367)	(3,923)
At 31 December	4,524,734	4,467,914

(ii) Future policyholders' benefits

Analysis of movement in future policyholders' benefits:

	2025 HK$'000	*2024* HK$'000
At 1 January	89,846	82,834
Movement during the year	(2,884)	7,086
Exchange alignment	(63)	(74)
At 31 December	86,899	89,846

28 Investment contract (continued)

(iii) Unearned revenue liability

Analysis of movement in unearned revenue liability:

	2025 HK$'000	*2024* HK$'000
At 1 January	192,889	186,632
Amount deferred	18,236	18,626
Amortisation for the year	(3,849)	(4,111)
	14,387	14,515
Exchange alignment	7,931	(8,258)
At 31 December	215,207	192,889

(iv) The amount of investment contract liabilities expected to be settled after more than one year is HK$4,553,106,000 (2024: HK$4,508,092,000).

(v) Other contract asset

	2025 HK$'000	*2024* HK$'000
At 1 January	134,763	123,249
Amount deferred	15,521	15,463
Amortisation and other movements	(3,045)	(3,261)
Exchange alignment	253	(688)
At 31 December	147,492	134,763

29 Other accounts payable

	2025 HK$'000	2024 HK$'000
Accounts payable		
- Cash and margin clients	491,447	500,033
- Clearing house, fund managers, brokers and dealers	7,979	2,808
	499,426	502,841

Included in accounts payable are amounts payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting regulated activities, which amount to HK$266,824,000 (2024: HK$299,363,000).

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

Balance with related parties

At 31 December 2025, accounts payable of approximately HK$29,000 (2024: HK$413,000) and HK$42,000 (2024: HK$1,000) to certain key management personnel of the Company and companies controlled by key management personnel of the Company respectively on normal terms of brokerage and wealth management business of the Group.

30 Other payables and accrued expense

	Note	2025 HK$'000	2024 HK$'000
Accrued staff costs		9,899	14,248
Other contract provisions	(i)	303,178	230,224
Derivatives collateral		106,532	-
Other payables and accruals		1,017,301	979,963
		1,436,910	1,224,435

Note:

(i) Other contract provisions represented policyholders' deposits of HK$280,211,000 (2024: HK$216,631,000) and future policyholders' benefits of HK$22,967,000 (2024: HK$13,593,000) relating to other business.

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

30 Other payables and accrued expenses (continued)

Balance with related parties

1) At 31 December 2025, accounts payable of approximately HK$85,477,000 (2024: HK$43,050,000) are payable to MassMutual International LLC ("MMI") who is a substantial shareholder of the Company and its affiliates.

2) At 31 December 2025, interest accrual of approximately HK$284,174,000 (2024: HK$366,990,000) is due to Key Imagination Limited ("KIL") who is the controlling shareholder of the Company.

31 Income tax in the statement of financial position

(a) Tax payable/(recoverable) in the statement of financial position represents:

	2025 HK$'000	*2024* HK$'000
Hong Kong		
Provision for Hong Kong Profits Tax for the year	90,123	68,773
Provision for Global Minimum Tax for the year	81,930	-
Provisional Profits Tax paid	(45,740)	(44,131)
	126,313	24,642
Balance of Profits Tax provision relating to prior years	(21)	(21)
	126,292	24,621
Macao		
Provision for Macao Complementary Tax for the year	-	7,838
Provision for Global Minimum Tax for the year	720	-
Balance of provision for Macao Complementary Tax relating to prior years	1,519	612
	2,239	8,450
Overseas		
Balance of overseas tax provision for the year	(17)	(39)
	128,514	33,032
Amount of tax payable expected to be settled within one year	45,889	33,071
Amount of tax payable expected to be settled after more than one year	82,650	-
	128,539	33,071
Amount of taxation recoverable expected to be settled within one year	25	39

31 Income tax in the statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax liabilities/ (assets) arising from:	*Fair value adjustment to assets and liabilities related to acquisition of subsidiaries* HK$'000	*Different reporting basis in foreign jurisdiction* HK$'000	*Accelerated tax depreciation* HK$'000	*Tax losses* HK$'000	*Fair value adjustment on investment at fair value through other comprehensive income* HK$'000	*Expected credit loss incurred* HK$'000	*Total* HK$'000
At 1 January 2024	45,851	230,228	(8)	-	(63,536)	(7,366)	205,169
Charged to profit or loss (Note 12(a))	-	53,395	(3)	-	-	3,206	56,598
Credited to other comprehensive income (Note 12(b))	-	(29,589)	-	-	(28,232)	-	(57,821)
Exchange alignment	-	-	(1)	-	-	-	(1)
At 31 December 2024	45,851	254,034	(12)	-	(91,768)	(4,160)	203,945
At 1 January 2025	45,851	254,034	(12)	-	(91,768)	(4,160)	203,945
Credited to profit or loss (Note 12(a))	-	11,029	6	(14,138)	-	342	(2,761)
Credited to other comprehensive income (Note 12(b))	-	(17,230)	-	-	(13,044)	-	(30,274)
Exchange alignment	-	-	1	-	(82)	-	(81)
At 31 December 2025	45,851	247,833	(5)	(14,138)	(104,894)	(3,818)	170,829

At 31 December 2025, no deferred tax asset has been recognised in respect of the tax losses of HK$1,936 million (2024: HK$1,846 million) to the extent that it is not probable that future taxable profit against which the losses can be utilised will be available subject to the approval of respective tax authorities in the relevant tax jurisdiction. The tax losses amounting to HK$1,936 million (2024: HK$1,846 million) do not expire under current tax legislation.

(ii) Reconciliation to the consolidated statement of financial position

	2025 HK$'000	*2024* HK$'000
Net deferred tax asset in the consolidated statement of financial position	122,855	95,940
Net deferred tax liability in the consolidated statement of financial position	(293,684)	(299,885)
	(170,829)	(203,945)

32 Financial liabilities at fair value through profit or loss

	2025 HK$'000	*2024* HK$'000
Designated at fair value through profit or loss		
Preference share liability *(Note 1)*	-	10,397
Third-party interests in consolidated funds *(Note 2)*	45,768	61,122
Derivatives	429,741	647,292
	475,509	718,811

Notes:

(1) By 31 December 2025, total number of preference shares issued was approximately nil shares (2024: 13,383 shares) under the agreement. The subsidiary is obliged to redeem all issued preference shares in 5 years starting from the initial issuance date of the preference shares and has the discretion to extend the term for one year. At liquidation, after all creditors' claim is satisfied, the asset of the subsidiary should be first distributed to preference shareholders by redeeming all issued shares together with any unpaid preferred share dividends. The preference shares were settled in 2025.

(2) The third party interests in consolidated fund consist of third-party unit holders' interest in the consolidated fund which is reflected as a liability as the fund is to be dissolved and return all capital to investor in seventh anniversary of the respective final closing date of the respective funds. The end of term of the consolidated fund is more than a year from 31 December 2025.

33 Lease liabilities

The Group had obligations under contractual maturities of the lease liabilities as follows:

	31 December 2025		*31 December 2024*	
	Present value of the minimum lease payment HK$'000	*Total minimum lease payment* HK$'000	*Present value of the minimum lease payment* HK$'000	*Total minimum lease payment* HK$'000
Within one year	87,971	93,586	92,529	97,926
After one but within 2 years	57,133	59,160	54,663	57,108
After 2 years but within 5 years	17,557	17,828	26,919	27,538
Over 5 years	-	-	-	-
	162,661	170,574	174,111	182,572
Less: finance cost		(7,913)		(8,461)
Present value lease liabilities		162,661		174,111

34 Bank borrowings

The bank loan was unsecured and repayable as follows:

	2025 HK$'000	*2024* HK$'000
Within one year	-	-
After 1 year but within 2 years	784,255	-
After 2 year but within 3 years	-	1,384,659

The Group's banking facilities are subject to the compliance of covenants including certain financial ratios and negative pledge against certain arrangement and transactions, as are commonly found in lending arrangements with financial institutions. If the Group breached any of the covenants and negative pledge against certain arrangement and transactions, the outstanding bank loan would become immediate due and payable. The Group regularly monitors its compliance with these covenants. As at 31 December 2025, the Group is in compliance with the covenants. Further details of the Group's management of liquidity risk are set out in Note 4.

35 Shareholder's loan

The shareholder's loan becomes due within 1 year from the reporting date. The interest rate is determined based on arm's length terms.

36 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK$'000	*Capital Reserve* HK$'000	*Shares held by share award scheme* HK$'000	*Accumulated losses* HK$'000	*Total* HK$'000
At 1 January 2024	11,872,180	64,000	(83,230)	(1,887,949)	9,965,001
Disposal of shares held by share award scheme	-	-	27	-	27
Total comprehensive income for the year	-	-	-	(101,447)	(101,447)
At 31 December 2024 and 1 January 2025	11,872,180	64,000	(83,203)	(1,989,396)	9,863,581
Issue of subscription shares	1,166,930	-	-	-	1,166,930
Total comprehensive income for the year	-	-	-	(90,642)	(90,642)
At 31 December 2025	13,039,110	64,000	(83,203)	(2,080,038)	10,939,869

(b) Nature and purpose of reserves

(i) Share held by share award scheme

The Company's shares held by TMF Trust (HK) Limited for the share award schemes are presented as a deduction in equity as shares held for 2016 Share Award Scheme.

36 Capital and reserves (continued)

(ii) Asset revaluation reserve

The asset revaluation reserve arose on the revaluation of the trading rights in the exchanges in Hong Kong in prior years. The carrying value of the trading rights have been fully amortised in previous years. The remaining revaluation reserve will be realised when the Group disposes of the trading rights.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(x).

(iv) Statutory and capital reserve

Statutory reserve

Pursuant to the Company Law of the PRC, in accordance with the relevant subsidiary's articles of association, 10% of the net profit of the relevant subsidiary, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory reserve until such time when this reserve reaches 50% of the registered capital of the subsidiary incorporated in PRC. The reserve appropriated can be used for expansion of business scale and capitalisation. If the statutory reserve is capitalised into registered capital, the remaining reserve is required to be no less than 25% of the subsidiary's registered capital before capitalisation.

Capital reserve

The capital reserve arose to recognise the difference between the fair value and the issue price of Company's share in relation to the completion of the acquisition of YF Life.

(c) Distributability of reserves

As at 31 December 2025, the Company did not have any reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622) (2024: Nil).

(d) Dividend

No dividend was paid or proposed for the year ended 31 December 2025 (2024: Nil), nor has dividend been proposed since the end of the reporting period.

36 Capital and reserves (continued)

(e) Share capital

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

	2025 Number of shares	Amount HK$'000	*2024* Number of shares	Amount HK$'000
Issued and fully paid:				
Balance brought forward	3,867,991,673	11,872,683	3,867,991,673	11,872,683
Issue of subscription shares	191,300,000	1,166,930	-	-
Balance carried forward	4,059,291,673	13,039,613	3,867,991,673	11,872,683

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally about the Company's residual assets.

Issue of subscription shares

As disclosed in the announcement of the Company dated 16 September 2025, the Company, Jade Passion Limited ("Jade Passion") and the Placing Agents entered into the Placing and Subscription Agreement, which (i) Jade Passion has agreed to sell, and the Placing Agents have, severally (not jointly nor jointly and severally), agreed to act as the agents of Jade Passion to procure Placees to purchase, the Sale Shares at the Placing Price of HK$6.10 for each Placing Share, and (ii) Jade Passion has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Jade Passion, the Subscription Shares at a price which is equivalent to the Placing Price of HK$6.10 for each Placing Share under the General Mandate. At completion of the Placing took place on 18 September 2025, an aggregate of 191,300,000 existing Shares were successfully placed by the Placing Agents at the Placing Price of HK$6.10 for each Placing Share. The Company allotted and issued 191,300,000 Subscription Shares to Jade Passion at HK$6.10 per Subscriptions Share on 23 September 2025 in accordance with the Placing and Subscription Agreement. The gross proceeds and net proceeds from the Subscription are approximately HK$1.17 billion and HK$1.15 billion, respectively.

36 Capital and reserves (continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to meet its obligations and continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of share capital and reserves as shown in the consolidated statement of financial position. In respect of the Group's insurance operations in Hong Kong and Macao, the regulators are interested in ensuring that the subsidiary maintains an appropriate solvency position to meet its liabilities arising from claims maturities and surrenders from its life insurance contracts. Pursuant to the Hong Kong Insurance Ordinance and the Macau Insurance Ordinance, YF Life is required to meet the requirements on solvency margin. If YF Life fails to comply with the requirements, the regulators may require YF Life to submit a plan for the restoration of a sound financial position or a short term financial scheme as appropriate, to the satisfaction of the regulators. YF Life complied with the solvency margin requirements for the year ended 31 December 2025.

On the other hand, certain subsidiaries of the Group, Yunfeng Financial Markets Limited ("YFFM"), Yunfeng Securities Limited ("YFSL") and Yunfeng Asset Management Limited ("YFAM"), are subject to externally imposed capital requirements. YFFM, YFSL and YFAM are regulated by the Securities and Futures Commission (the "SFC") and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance. The management monitors YFFM, YFSL and YFAM's liquid capital daily to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules ("FRR") adopted by the SFC. Under the FRR, YFAM, YFFM and YFSL must maintain its liquid capital in excess of HK$3 million or 5% of their total adjusted liabilities whichever is higher. The required information was filed with SFC on a monthly or half yearly basis. YFFM, YFSL and YFAM were in compliance with the capital requirements imposed by FRR during the current and prior year.

37 Employee share-based arrangements

(i) Share option scheme

The Company has adopted a share option scheme on 28 June 2022 and amended its terms on 18 December 2025 (the "Share Option Scheme") which has a life of 10 years from the date of adoption for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide it with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

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

37 Employee share-based arrangements (continued)

(ii) Share award scheme

On 18 December 2025, the Company approved the adoption of a new share award scheme (the "2025 Share Award Scheme"), which has a life of 10 years from the date of adoption, and the share award scheme adopted by the Company on 12 December 2016 (the "2016 Share Award Scheme") was terminated following the adoption of the 2025 Share Award Scheme.

The purposes of the 2025 Share Award Scheme are to encourage or facilitate the holding of Shares by Selected Participants whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group; to encourage and retain such individuals to work with the Group; and to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of Selected Participants with the Shareholders through ownership of Shares.

During the Year, no share awards were granted under the 2025 Share Award Scheme.

The 2016 Share Award Scheme was terminated with effect from 18 December 2025 following the approval and adoption of the 2025 Share Award Scheme. Upon termination of the 2016 Share Award Scheme, no further awards will be granted thereunder.

Since the date of adoption of 2016 Share Award Scheme (i.e. 12 December 2016) and up to 18 December 2025, a total of 43,040,000 Shares have been awarded pursuant to 2016 Share Award Scheme and there were no awards which remain unvested or in respect of which Shares have not yet been issued under the 2016 Share Award Scheme.

During the Year, no share awards were granted under the 2016 Share Award Scheme.

As at 18 December 2025, TMF Trustee (HK) Limited ("TMF Trustee") held 15,395,000 Shares under the 2016 Share Award Scheme, all of which were no longer subject to any awards. Upon termination of the 2016 Share Award Scheme, TMF Trustee shall, in accordance with the terms of the 2016 Share Award Scheme, within 15 Business Days of receiving a notice of termination from the Company (or such longer time as TMF Trustee and the Board may agree) sell all the Shares and non-cash income and non-scrip distributions attributable thereto (if any) remaining in the trust of the 2016 Share Award Scheme and remit the sale proceeds of the same together with any residual cash accrued in such trust, net of all appropriate expenses, to the Company forthwith after the sale. Given the volume of the 15,395,000 Shares held under the 2016 Share Award Scheme, the Company and TMF Trustee have agreed that, subject to market conditions, TMF Trustee will dispose of such Shares on-market by batches.

38 Interests in structured entities

Interest in consolidated structure entities

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

As at 31 December 2025, the net assets of consolidated limited partnership fund entities as detailed in Note 23 amounted to HK$133 million (2024: HK$178 million) with net carrying interest held by the Group being HK$87 million (2024: HK$117 million).

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

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

Interest in unconsolidated structure entities

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

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

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

The Group classified its investment in those unconsolidated entities as FVOCI investments with minimal loss exposure due to small investment amount involved.

39 Commitments

(a) Capital commitments

As at 31 December 2025, the Group has HK$Nil (2024: HK$1,859,000) capital commitment contracted but not provided for.

(b) Investment commitments

(i) In the normal course of business, the Group enters into commitments to purchase certain investments and capital contribution commitments to third party managed fund investment. The Group has investment commitments contracted for amounted to HK$4,425,689,000 (2024: HK$3,048,736,000).

In addition, the Group has entered into the AHF/I Agreement with New Alternative during the year. Under the AHF/I Agreement, the Group agreed to provide New Alternative with a secured, non-revolving term loan facility in the principal amount of HK$7.6 billion. As at 31 December 2025, the remaining loan facility principal amount is HK$6.6 billion.

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

40 Material related party transactions

(a) Transactions with key management personnel

The remuneration for key management personnel of the Group is as follows:

	2025 HK$'000	*2024* HK$'000
Short term employee benefits	16,742	13,280
Post-employment benefits	850	686
	17,592	13,966

Total remuneration is included in "staff costs" in Note 10(a) to the consolidated financial statements.

40 Material related party transactions (continued)

(b) Transactions with other related parties

	2025 HK$'000	*2024* HK$'000
Brokerage fee income *(Note (i))*	153	817
Investment management fee *(Note (ii))*	84,287	84,119
Policies endorsement fee paid *(Note (iii))*	3,701	4,160
Management fee and advisory fee income from a joint venture and co-manager of the joint venture	1,818	1,791
Premiums and fee income *(Note (iv))*	1,181	1,036
Interest income *(Note (v))*	5,170	-

Note:

(i) During the year ended 31 December 2025 and 31 December 2024, the Group provided brokerage services to (i) companies where the Company's chairman, Mr. Yu Feng ("Mr. Yu") is a director and substantial shareholder and Mr. Huang Xin ("Mr. Huang"), the executive director, is a director (ii) key management of the Company.

(ii) The Group incurred an investment management fee to an affiliate of a substantial shareholder who appointed a director to the board of the Company, for management service provided to YF Life's investment portfolio.

(iii) The fee is paid to an affiliate of a substantial shareholder, who appointed a director to the board of the Company, for the provision of claims payment endorsement to the life insurance outstanding policies of YF Life until such policies mature.

(iv) During the year, the Group has received premium and fee income from a company where the Company's chairman, Mr. Yu is a director and shareholder.

(v) The Group recognised interest income from its investment exposure relating to the AHF/I Agreement with New Alternative. New Alternative is a wholly-owned subsidiary of Yunfeng Capital, which is 60% owned by Mr. Yu. As at 31 December 2025, the outstanding balance arising from this transaction amounted to HK$5,170,000 (2024: HK$Nil).

41 Company-level statement of financial position at 31 December 2025

	Note	*2025* HK$'000	*2024* HK$'000
Assets			
Interests in subsidiaries		11,714,365	11,044,639
Property		4,319	7,198
Other receivables and prepayments		1,432	8,124
Cash and cash equivalents		11,267	196,011
Total assets		11,731,383	11,255,972
Liabilities			
Accrued expenses and other payables		2,732	420
Lease liability		4,527	7,312
Bank borrowings	34	784,255	1,384,659
Total liabilities		791,514	1,392,391
NET ASSETS		10,939,869	9,863,581
EQUITY			
Share capital	36(a)	13,039,110	11,872,180
Reserves	36(a)	(2,099,241)	(2,008,599)
TOTAL EQUITY		10,939,869	9,863,581

42 Immediate and ultimate controlling party

At 31 December 2025, the directors consider the immediate parent and ultimate holding company of the Company to be Yunfeng Financial Holdings Limited which is incorporated in the Cayman Islands and beneficially owned as to 70.15% by Mr. Yu Feng. Yunfeng Financial Holdings Limited does not produce financial statements available for public use.

43 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, *Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

44 Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2025.

45 Non-adjusting events after the reporting period

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

46 Scope of work of KPMG

The financial figures in respect of the Group's consolidated statement 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, consolidated statement of cash flow and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

Five Year Financial Summary

	Year ended 31 December				
	2025	*2024*	*2023*	*2022* *(restated)*	*2021*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Profit/(loss) for the year	1,078,609	777,571	712,907	(664,337)	792,665
Attributable to:					
Equity shareholder of the company	652,550	470,788	397,164	(642,735)	513,414
Non-controlling interest	426,059	306,783	315,743	(21,602)	279,251
Profit/(loss) for the year	1,078,609	777,571	712,907	(664,337)	792,665
Basic earnings/(loss) per share *(HK$)*	0.17	0.12	0.10	(0.17)	0.13

	At 31 December				
	2025	*2024*	*2023*	*2022* *(restated)*	*2021* *(restated)*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	586,878	608,623	632,460	674,271	711,787
Goodwill and intangible assets	2,027,529	1,920,168	1,923,737	1,909,213	1,910,204
Interest in associates	153,968	118,554	121,500	132,012	148,819
Investments	91,381,188	78,625,575	74,126,597	66,754,778	68,145,212
Other assets	16,949,466	14,768,630	13,345,027	12,299,000	11,425,558
Total liabilities	(92,877,955)	(80,347,467)	(73,744,252)	(65,507,576)	(65,227,716)
	18,221,074	15,694,083	16,405,069	16,261,698	17,113,864
Share capital	13,039,613	11,872,683	11,872,683	11,872,683	11,872,683
Reserves	(524,282)	(1,442,024)	(869,362)	(865,353)	(87,165)
	12,515,331	10,430,659	11,003,321	11,007,330	11,785,518
Non-controlling interests	5,705,743	5,263,424	5,401,748	5,254,368	5,328,346
Total equity	18,221,074	15,694,083	16,405,069	16,261,698	17,113,864

Note: For the year ended 31 December 2023, the Group has adopted HKFRS 17, *Insurance Contracts*, and related redesignation of financial assets. The change in accounting policy has been applied retrospectively by restating the balances at 1 January 2022 and 1 January 2023, with consequential adjustments to comparatives for the year ended 31 December 2022.

The above results for the year ended 31 December 2021 have not been restated during the adoption of HKFRS 17. These financial data have been prepared in accordance with HKFRS 4, Insurance Contracts, which is a different basis of preparation and not comparable to the figures adopted HKFRS 17.

Definitions

In this announcement, the following expressions shall have the following meanings unless the context required otherwise:

"AHF/I Agreement"	the asset-backed hybrid facility/investment agreement dated 7 March 2025 and entered into between YF Life as lender, New Alternative as borrower and Yunfeng Capital as guarantor, in relation to the provision of the Facility from YF Life to New Alternative subject to the terms and conditions therein
"Audit Committee"	the audit committee of the Company
"Barings Investment Advisory Agreement"	the Fourth Amended and Restated Investment Advisory agreement dated 15 December 2017 entered into by and between Barings LLC and YF Life (as supplemented with, among others, updates on investment guidelines and Barings LLC's investment report deliverables by the Fifth Amended and Restated Investment Advisory Agreement dated 11 April 2021, and as further supplemented with updated fee schedules from time to time)
"Board"	the board of Directors
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Company"	Yunfeng Financial Group Limited
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, as it may be amended from time to time)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HKIA"	the Hong Kong Insurance Authority, whether the individual appointed under the IO or body corporate established under the IO
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IO"	the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as the case may be, as it may be amended from time to time
"Jade Passion"	Jade Passion Limited
"Key Imagination"	Key Imagination Limited

Definitions (continued)

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MMLIC"	Massachusetts Mutual Life Insurance Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"New Alternative"	New Alternative Limited, a company newly incorporated under the laws of British Virgin Islands with limited liability and a wholly-owned subsidiary of Yunfeng Capital
"Nomination Committee"	the nomination committee of the Company
"Policies Endorsement Fee Agreement"	the Policies Endorsement Fee Agreement dated 15 December 2017 entered into by and between MMLIC and YF Life
"PRC"	the People's Republic of China
"Remuneration Committee"	the remuneration committee of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as it may be amended from time to time
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Year"	the year ended 31 December 2025
"YF Life"	YF Life Insurance International Limited, formerly known as MassMutual Asia Limited, a non-wholly owned subsidiary of the Company
"YFHL"	Yunfeng Financial Holdings Limited
"Yunfeng Capital"	Yunfeng Capital Limited, a company incorporated in the Cayman Islands, owned as to 60% by Mr. Yu Feng

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

Hong Kong, 26 March 2026

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is the Chairman and a non-executive director), Mr. Huang Xin (who is an executive director and the Interim Chief Executive Officer), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard, Mr. Xiao Feng and Mr. Liang Xinjun (who are independent non-executive directors).