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**BOWTIE LIFE INSURANCE COMPANY LIMITED**

**Report of the Directors and  
Audited Consolidated Financial Statements**

**For the year ended 31 December 2024**

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BOWTIE LIFE INSURANCE COMPANY LIMITED

Report of the Directors and Audited Consolidated Financial Statements  
For the year ended 31 December 2024

# BOWTIE LIFE INSURANCE COMPANY LIMITED

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# BOWTIE LIFE INSURANCE COMPANY LIMITED

## REPORT OF THE DIRECTORS

The directors present their report, the audited consolidated financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) for the year ended 31 December 2024.

### Principal activities

Bowtie Life Insurance Company Limited (the “Company” or “Bowtie”) is incorporated and domiciled in Hong Kong. The principal activity of the Company is to underwrite life and health insurance business in Hong Kong. Details of the principal activities of the Company’s subsidiaries are set out in Note 1 to the consolidated financial statements.

The Company obtained its long-term business insurance license under Insurance Authority in Hong Kong to operate as a virtual insurer on 20 December 2018, and underwrites Class A and D business. The Company has commenced insurance operation on 1 April 2019. On 26 February 2021, the Company entered into a co-operation arrangement with JP Partners Medical Centre Limited to set up a Joint Venture to operate a clinic that provides general medical consultation and Chinese medical services.

### Results

The results of Bowtie, together with its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 9.

### Donations

No charitable and other donations were made by the Group during the year (2023: Nil).

### Shares issued

Details of the shares issued during the year ended 31 December 2024 are set out in Note 11 to the consolidated financial statements.

### Share option scheme

Details of the share options granted in prior years are set out in Note 12 to the consolidated financial statements.

### Plant and equipment

Details of the movements in plant and equipment of the Group during the year are set out in Note 9 to the consolidated financial statements.



# BOWTIE LIFE INSURANCE COMPANY LIMITED

## REPORT OF THE DIRECTORS (continued)

### Business review

Bowtie has had a remarkable year in 2024, with gross premiums written reaching HK\$241million and this represents a growth of 45% year-on-year. Based on the first three quarters of the Insurance Authority's Provisional Statistics for Long Term Business for 2024, Bowtie again ranked first in number of new individual paid policies with non-single premium sold through direct channel in Hong Kong, with a market share of around 30%.

In the relatively short period of time since its establishment, Bowtie has elevated itself to be in the mix of becoming one of the mainstream life and health insurers in Hong Kong. Its unique offerings of products to serve real customer needs, with technology-led solutions to enable best in class services while keeping costs low has resonated well with our customers. We strongly believe in continuing our current trajectory to build a larger customer base to support future organic growth of the company.

### Reinsurance arrangements

The Group has entered into material reinsurance arrangements with reputable reinsurers as of 31 December 2024. They are summarised by line of business as follows:

Line of business	Product	Retention	Type of treaty
Individual business - medical	VHIS Standard VHIS Flexi Regular  VHIS Flexi Plus Bowtie & Gleneagles Hospital Hong Kong Wellness Package VHIS Pink	50% of medical benefits payable	Quota share
Individual business - life	Simplified Underwriting Term Life	50% share of benefits payable up to a limit of HKD1,000,000 for issue age 18-60, and 100% share for issue age 61-65	Quota share + excess of loss
Individual business - critical illness	Term Critical Illness Term CI Plus Term CI Max	50% share of benefits payable up to a limit of HKD 500,000 for issue age 15 days to 65	Quota share + excess of loss
Group business - medical	Group Medical - Basic Bronze Level Group Medical - Basic Silver Level Group Medical - Basic Gold Level  Group Medical - Pro Bronze Level Group Medical - Pro Silver Level Group Medical - Pro Gold Level	100% share for Basic Bronze Level. For Basic Silver and Basic Gold Level, retain 100% share for companies established less than 1 year, and 50% for companies established greater or equal to 1 year  100% share of outpatient benefit. Retain 100% share for companies established less than 1 year, and 50% of inpatient and life benefits for companies established greater or equal to 1 year	Quota share  Quota share

BOWTIE LIFE INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

Directors

The directors of the Company during the year or up to the date of this report were:

Chan, Michael Kwan Yu  
Money, Laura Ann  
Ngan, Yiu Fai Frederick  
Walper, Dustin  
Tomoya, Shishido (Resigned on 15 July 2025)  
Lau, James Henry Jr

There being no provision in the Company's articles of association for retirement by rotation, all directors continue in office. They have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the company needed to be brought to the attention of the shareholders of the Company.

Controllers

The controllers of the Company, within the meaning of Section 9(1) of the Hong Kong Insurance Ordinance, during the year or up to the date of this report were:

Chan, Michael Kwan Yu  
Ngan, Yiu Fai Frederick  
Sun Life Hong Kong Limited  
Mitsui & Co., Ltd

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

Except for those transactions disclosed in Note 18, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its holding companies was a party and in which a director or controller of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and controllers' interest in property, payments, loan advanced or obligation assumed

Except for those transactions disclosed in Note 18, no properties were transferred, loans advanced to or obligations assumed by or for a director or a controller of the Company, his nominees or associates (within the meaning of section 9 of the Insurance Ordinance) during the year. Amount paid or payable to the directors or controllers of the Company for the year are shown in Note 18 to the consolidated financial statements.



BOWTIE LIFE INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' and controllers' interest in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

During and as at 31 December 2024, the interests of each director in the shares of the Company were listed as follows:

Chan, Michael Kwan Yu	282,900 ordinary shares
Ngan, Yiu Fai Frederick	268,965 ordinary shares

Except for the above, at no time during the year was the Company a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Permitted indemnity provision

Pursuant to the Company's articles of association, subject to the relevant statutes, every director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has taken out insurance against the liabilities and costs associated with proceedings which may be brought against directors of the Company.

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.

Auditors

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

On behalf of the Board



Money, Laura Ann  
Director



Chan, Michael Kwan Yu  
Director



Ngan, Yiu Fai Frederick  
Director

30 JUL 2025

## **Independent Auditor's Report**

To the Shareholders of Bowtie Life Insurance Company Limited  
(incorporated in Hong Kong with limited liability)

### **Opinion**

#### *What we have audited*

The consolidated financial statements of Bowtie Life Insurance Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 9 to 56, comprise:

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

#### *Our opinion*

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

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### **Basis for Opinion**

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

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

#### *Independence*

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

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***Independent Auditor's Report***

To the Shareholders of Bowtie Life Insurance Company Limited  
(incorporated in Hong Kong with limited liability) (Continued)

**Other Information**

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

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

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

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

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**Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## ***Independent Auditor's Report***

To the Shareholders of Bowtie Life Insurance Company Limited  
(incorporated in Hong Kong with limited liability) (Continued)

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Independent Auditor's Report**

To the Shareholders of Bowtie Life Insurance Company Limited  
(incorporated in Hong Kong with limited liability) (Continued)

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style and is positioned above a horizontal line.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 July 2025

## BOWTIE LIFE INSURANCE COMPANY LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
Insurance revenue	13	226,973,182	157,733,852
Insurance service expenses	13	(287,671,774)	(184,077,904)
Net income/(expenses) from reinsurance contracts held	14	<u>16,489</u>	<u>(11,879,361)</u>
<b>Insurance service result</b>		<b>(60,682,103)</b>	<b>(38,223,413)</b>
Finance income	7	5,500,450	2,290,463
Other income	7	20,548,771	16,949,238
Operating expenses	5	(116,154,293)	(99,493,168)
Other losses	5	(757,666)	(1,048,350)
Finance expenses		-	(784,701)
Share of losses from a joint venture accounted for using the equity method	8	<u>(640,237)</u>	<u>(862,350)</u>
<b>Loss before tax</b>		<b>(152,185,078)</b>	<b>(121,172,281)</b>
Income tax expense	6	<u>-</u>	<u>-</u>
<b>Loss attributable to the shareholders of the Company</b>		<b>(152,185,078)</b>	<b>(121,172,281)</b>
<b>Other comprehensive loss</b>			
Foreign currency translation adjustment arising from foreign operation		<u>(21,818)</u>	<u>(170,020)</u>
<b>Total comprehensive loss attributable to the shareholders of the Company</b>		<b>(152,206,896)</b>	<b>(121,342,301)</b>

The notes on pages 15 to 56 are an integral part of these financial statements.



BOWTIE LIFE INSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 December 2024 HK\$	31 December 2023 HK\$
<b>Assets</b>			
Right-of-use assets	10	3,064,748	6,129,500
Plant and equipment	9	3,002,246	2,198,714
Investment in a joint venture accounted for using the equity method	8	513,637	1,153,874
Reinsurance contract assets	14	42,971,365	22,971,012
Deferred tax assets		1,783,464	1,783,464
Prepayments and other receivables	15	16,890,320	12,574,865
Cash and cash equivalents	16	188,919,775	300,926,737
Total assets		<u>257,145,555</u>	<u>347,738,166</u>
<b>Liabilities</b>			
Insurance contract liabilities	13	111,915,172	63,068,236
Reinsurance contract liabilities	14	14,229,127	4,045,447
Lease liabilities	10	3,152,284	6,174,982
Employee benefit obligations		13,073,302	8,024,985
Unearned fee income		484,832	273,965
Accruals and other payables	17	17,260,988	17,009,038
Total liabilities		<u>160,115,705</u>	<u>98,596,653</u>
<b>Equity</b>			
Share capital	11	683,826,376	683,826,376
Accumulated losses		(596,659,584)	(444,474,506)
Share-based compensation reserve		10,054,896	9,959,663
Foreign currency translation reserve		(191,838)	(170,020)
Total equity attributable to shareholders of the Company		<u>97,029,850</u>	<u>249,141,513</u>
Total equity and liabilities		<u>257,145,555</u>	<u>347,738,166</u>

Statement of the Financial Position of the Company is shown in Note 20 to the consolidated financial statement and approved by the Board on

continued/...

BOWTIE LIFE INSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

The consolidated financial statements on pages 9 to 56 were authorised for issue by the Board of Directors for issue on **30 JUL 2025** and were signed on its behalf by:



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Money, Laura Ann  
Director



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Chan, Michael Kwan Yu  
Chief Executive Officer



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Ngan, Yiu Fai Frederick  
Director

The notes on pages 15 to 56 are an integral part of these financial statements.

BOWTIE LIFE INSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Share capital HK\$	Accumulated losses HK\$	Share-based compensation reserve HK\$	Foreign currency translation reserve HK\$	Total HK\$
Balance at 1 January 2023		410,724,749	(323,302,225)	-	-	87,422,524
Loss for the year		-	(121,172,281)	-	-	(121,172,281)
Other comprehensive loss for the year:						
Foreign currency translation adjustment arising from foreign operation		-	-	-	(170,020)	(170,020)
Total comprehensive loss for the year		-	(121,172,281)	-	(170,020)	(121,342,301)
Issuance of preference share		273,101,627	-	-	-	273,101,627
Equity-settled share-based compensation	12	-	-	9,959,663	-	9,959,663
Balance at 31 December 2023		<u>683,826,376</u>	<u>(444,474,506)</u>	<u>9,959,663</u>	<u>(170,020)</u>	<u>249,141,513</u>
Balance at 31 December 2023		683,826,376	(444,474,506)	9,959,663	(170,020)	249,141,513
Loss for the year		-	(152,185,078)	-	-	(152,185,078)
Other comprehensive loss for the year:						
Foreign currency translation adjustment arising from foreign operation		-	-	-	(21,818)	(21,818)
Total comprehensive loss for the year		-	(152,185,078)	-	(21,818)	(152,206,896)
Equity-settled share-based compensation	12	-	-	95,233	-	95,233
Balance at 31 December 2024		<u>683,826,376</u>	<u>(596,659,584)</u>	<u>10,054,896</u>	<u>(191,838)</u>	<u>97,029,850</u>

The notes on pages 15 to 56 are an integral part of these financial statements.

BOWTIE LIFE INSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
<b>Cash flows from operating activities</b>			
Loss before tax		(152,185,078)	(121,172,281)
Adjustments for:			
Share of losses of a joint venture	8	640,237	862,350
Interest income on bank deposits	7	(5,500,450)	(2,290,463)
Depreciation	5	5,365,967	4,705,711
Other non-cash operating items, including the effect of exchange rate changes on certain operating items		195	-
Interest expenses	5	274,902	843,635
Gain on lease modification	10	-	(50,724)
Share-based compensation expenses	12	95,233	9,959,663
Cash flows from operations before working capital changes		(151,308,994)	(107,142,109)
Increase in reinsurance contract assets		(20,000,353)	(15,900,507)
Increase in prepayments and other receivables		(4,315,455)	(5,747,665)
Decrease in time deposit		-	20,000,000
Increase in accrual and other payables		251,950	5,579,226
Increase in employee benefit obligations		5,048,317	1,053,567
Increase in insurance contract liabilities		48,846,936	7,062,180
Increase in reinsurance contract liabilities		10,183,680	4,000,894
Increase/(decrease) in unearned fee income		210,867	(1,121,899)
<b>Net cash used in operating activities</b>		(111,083,052)	(92,216,313)
<b>Cash flows from investing activities</b>			
Interest received on bank deposits	7	5,500,450	2,290,463
Purchases of plant and equipment	9	(3,104,942)	(1,666,009)
Payments for investment accounted for using the equity method	8	-	(1,150,500)
<b>Net cash generated from/(used in) investing activities</b>		2,395,508	(526,046)



BOWTIE LIFE INSURANCE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
<b>Cash flows from financing activities</b>			
Payments of lease liabilities	10	(3,297,600)	(2,568,000)
Proceeds from issues of shares	11	-	273,101,627
Interest paid on convertible promissory note	11	-	(784,701)
		<u>                    </u>	<u>                    </u>
<b>Net cash (used in)/generated from financing activities</b>		<u>(3,297,600)</u>	<u>269,748,926</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(111,985,144)	177,006,567
Cash and cash equivalents at the beginning of year	16	300,926,737	124,090,190
Effects of exchange rate changes on cash and cash equivalents		<u>(21,818)</u>	<u>(170,020)</u>
<b>Cash and cash equivalents at end of year</b>	16	<u>188,919,775</u>	<u>300,926,737</u>

The notes on pages 15 to 56 are an integral part of these financial statements.

# BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

### 1. GENERAL INFORMATION

The Company is a limited liability company incorporated under the laws of the Hong Kong having its registered office at 1/F, Queen's Centre, 58 - 64 Queen's Road East, Wan Chai, Hong Kong.

The principal activity of the Company is to underwrite life and health insurance business.

The Company obtained its insurance license under Insurance Authority in Hong Kong on 20 December 2018.

The Company established a wholly-owned subsidiary in Singapore named "Bowtie Singapore Pte. Ltd." on 30 April 2024 to provide management consultancy services. Bowtie subscribed to one fully-paid ordinary share at a subscription price of SGD 1.00 per share.

#### Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of entity	Place of incorporation and kind of legal entity	Principal activities	Issued share capital	Ownership interest held by the Group	
				2024	2023
				%	%
Bowtie Vietnam Company Limited	Vietnam, one member limited liability	Provision of computer engineering and programming services to the Group	VND7,350,000,000	100	100
Claim Technology Services Limited	Hong Kong, limited liability	Insurance	HK\$10,000	100	100
Bowtie Singapore Pte. Ltd.	Singapore, limited liability	Provision of management consultancy services to the Group	SGD1	100	-

These financial statements are presented in Hong Kong Dollars (HK\$) unless otherwise stated.

31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKFRSs”) and the requirements of the Hong Kong Companies Ordinance (Cap.622).

HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The consolidated financial statements have been prepared on a historical cost basis unless otherwise specified.

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

#### New standards, amendments and interpretations

(a) The following relevant new and amended standards have been adopted for the first time for the financial year ended 31 December 2024:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
- Amendments to HKFRS 16, Lease Liability in Sale and Leaseback

The amendments listed above, did not have material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

New standards, amendments and interpretations (continued)

(b) The following relevant new amendments to standards have been issued but are not effective for the financial year ended 31 December 2024 and have not been early adopted (the financial years for which the adoption is required for the Group are stated in parentheses). The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and the Directors are not yet in a position to quantify the effects on the Group's financial statements.

- Amendments to HKAS 21, Lack of Exchangeability
- Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments
- HKFRS 19, Subsidiaries without Public Accountability: Disclosures
- HKFRS 18, Presentation and Disclosure in Financial Statements
- Amendment to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to HKFRS Accounting Standards – Volume 11

2.2 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Joint Arrangement

Under HKFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has a joint venture.

Interests in joint ventures are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated statement of profit or loss and other comprehensive income, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Revenue recognition

(a) Interest income

Interest income for interest-bearing financial instrument including measured at fair value through profit or loss is recognised as finance income in consolidated statement of profit or loss and other comprehensive income using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(b) Subscription service income

Subscription service income of non-insurance operations is recognised as other income in consolidated statement of profit or loss and other comprehensive income. The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods and services underlying the particular performance obligation is transferred to the customers. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A performance obligation represents a good or service (or a bundle of goods and services) that is distinct or a series of distinct goods or services that are substantially the same.

(c) Café income

Café income is recognised as other income in the consolidated statement of profit or loss and other comprehensive income. The Group recognise revenue from the sale of food and beverage at the point of sale to the customer, generally on delivery of the food and beverage.

(d) TPA income

TPA income is recognised as other income in the consolidated statement of profit or loss and other comprehensive income. The Group recognise revenue over time from the provision of third party administration service and administrative processes provided on policy maintenance and handling.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (“FVPL”); and
- those to be measured at amortised cost

The classification depends on the entity’s business model for managing the financial assets and the contractual term of the cash flows.

For assets measured at fair value, gains and losses will be recorded in consolidated statement of profit or loss and other comprehensive income.

The Group reclassified debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. From this date, we record in our books any gains and losses arising from changes in fair value of the financial assets held at fair value through profit or loss.

Financial assets are derecognised when the rights to received cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(i) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

The fair value of the financial instrument on initial recognition is generally the transaction price (that is the fair value of the consideration given or received). However, the fair value will be based on other observable current market transactions in the same instruments, or on valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognise a trading gain or loss on day 1, being the difference between the transactions price and the fair value. These investments are subsequently accounted for as follows, depending on their classification.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial assets (continued)

(b) Recognition and derecognition (continued)

(ii) Amortised cost

Investments in debt securities that are held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising from derecognition is recognised directly in the consolidated statement of profit or loss and other comprehensive income. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

(iii) FVPL

Changes in fair value of investments in debt securities and equity instruments that are subsequently measured at FVPL are recognised in the consolidated statement of profit or loss and other comprehensive income and presented net within other gains/(losses) in the period in which they arise.

We determine the fair value of financial instruments based on their quoted market prices on a recognised stock exchange or price from a broker/dealer for non-exchange-traded financial instruments at the end of the reporting period without any deduction for estimated future selling costs.

(c) Impairment

We assess on a forward-looking basis the expected credit loss associated with our financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.6 Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less and lease incentives received.



31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by accumulated depreciation and any accumulated impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise net present value of the fixed payments, including in-substance fixed payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will 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 consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

2.7 Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Plant and equipment (continued)

Depreciation is provided to write off the cost of items of plant and equipment after taking into account of their estimated residual value, using the straight-line method over their estimated useful lives:

Leasehold improvements	Shorter of 3 years or lease term
Furniture, fixtures and equipment	3 years

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

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

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

2.8 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Insurance and reinsurance contracts classification

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



31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Insurance and reinsurance contracts classification (continued)

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts as mentioned above are classified as reinsurance contracts held.

2.10 Insurance and reinsurance contracts accounting treatment

2.10.1 Recognition

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

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

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

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

The reinsurance contracts held by the Group provide proportionate cover. Therefore, the Group does not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised.

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

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Insurance and reinsurance contracts accounting treatment (continued)

2.10.2 Contract boundary

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

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

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

For life contracts with renewal periods, the Group assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Group by considering all the risks covered for the policyholder by the Group, that the Group would consider when underwriting equivalent contracts on the renewal dates for the remaining service. The Group reassesses the contract boundary of each group at the end of each reporting period.

2.10.3 Unit of account

For insurance contracts measured using the Premium Allocation Approach (“PAA”), the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a group level.



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## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.10 Insurance and reinsurance contracts accounting treatment (continued)

#### 2.10.4 Onerous groups of contracts

The Group issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Group has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Group looks at facts and circumstances to identify if a group of contracts are onerous based on information including:

- pricing information,
- results of similar contracts it has recognised,
- environmental factors, e.g., a change in market experience or regulations.

When the expected cash outflow exceeds the carrying amount of the liability for remaining coverage (“LRC”), the group of insurance contracts becomes onerous. The Group recognises the excess in insurance service expenses as loss component (see Note 2.10.6).

#### 2.10.5 Measurement

##### Insurance contracts

The Group applies the PAA to simplify the measurement of all the insurance contracts that it issues and reinsurance contracts that it holds when the following criteria are met:

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

The Group uses the PAA for measuring all the insurance contracts as the coverage period of each contract is one year or less. The Group uses PAA for measuring the reinsurance contracts as Group has modelled possible future scenarios and reasonably expects that the measurement of the asset for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Insurance and reinsurance contracts accounting treatment (continued)

2.10.5 Measurement (continued)

Insurance contracts (continued)

The carrying amount of the LRC under the PAA is measured as:

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

The carrying amount of the LIC represents the best estimate of the expected future cash flows. Refer to Note 3 for details of the critical assumptions applied in the measurement of LIC.

There is no allowance for time value of money as it is expected that the premiums are received and claims are settled within one year of the coverage period.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liabilities of incurred claims.

Reinsurance contracts held

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

2.10.6 Loss component

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances, stated in Note 2.10.4, indicate otherwise. Where, at any time during the coverage period, the facts and circumstances mentioned in Note 2.10.4 indicate that a group of insurance contracts becomes onerous, the Group recognises a loss component in consolidated statement of profit or loss and other comprehensive income, being the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for the remaining coverage of the group.



31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Insurance and reinsurance contracts accounting treatment (continued)

2.10.6 Loss component (continued)

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage. Where the Group enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in consolidated statement of profit or loss and other comprehensive income on initial recognition.

2.10.7 Insurance acquisition cash flows

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

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the consolidated statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The Group chooses to expense insurance acquisition cash flows as they incur, provided that the coverage period of each contract in the group at initial recognition is no more than one year.

31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Insurance and reinsurance contracts accounting treatment (continued)

2.10.8 Insurance contracts - modification and derecognition

The Group derecognises insurance contracts when:

- the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

2.10.9 Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

2.10.10 Net income or expenses from reinsurance contracts held

The Group presents separately on the face of the consolidated statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of profit or loss and other comprehensive income.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.12 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income within taxation, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.12 Current and deferred income tax (continued)

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority to the entity where there is an intention to settle the balances on a net basis.

2.13 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions that the transactions are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Translation differences on financial assets and liabilities held at fair value are reported as part of the fair value gain or loss.



31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the directors and employees services received in exchange for the grant of the equity instruments is recognised as an expense being absorbed by the Group. The total amount to be recognised as an expense in the Group's consolidated statement of profit or loss and other comprehensive income is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.16 Share capital

Ordinary and preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

Estimate of future cash flows related to insurance contracts

Measurement of insurance contracts – liability for incurred claims

The determination of the liabilities is dependent on estimates made by the Group. The Group has exposure to both mortality and morbidity risk. Estimates are made as to the expected level of claims and the expected expenses to be incurred. The Group bases mortality estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. The Group bases morbidity estimates on reinsurance premiums and relevant industry experience, adjusted where appropriate to reflect the Group's own experience. The main source of uncertainty lies in the uncertainty of insured pool's mortality and morbidity incidence, in particular the uncertainty of the costs of medical care.

The Group selects its key assumptions and performed sensitivity analysis through a prudent approach and to reflect the actual experience development. These assumptions are reviewed on an annual basis to ensure the assumptions reflect the Group's latest estimation.



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## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Estimate of future cash flows related to insurance contracts (continued)

## Measurement of insurance contracts – liability for incurred claims (continued)

Sensitivities

Mortality/morbidity risks are the key drivers that change results of the liabilities for incurred claims. The following table reflects sensitive analysis of key assumptions relevant to liabilities for incurred claims. Under the condition when other variables remain constant, changes in loss before income tax and total equity before income tax due to expected loss ratio change are as follows:

Changes in loss ratio	2024	
	Impact on loss before tax HK\$'000	Impact on total equity (before the effects of taxation) HK\$'000
+10%	(1,658)	(1,658)
-10%	1,658	1,658
Changes in loss ratio	2023	
	Impact on loss before tax HK\$'000	Impact on total equity (before the effects of taxation) HK\$'000
+10%	(1,025)	(1,025)
-10%	1,025	1,025

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

## Insurance and financial risk management objectives and policies

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks, including other market risks, that the Group identifies and the way it manages them.

31 December 2024

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

4.1 Insurance risk

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

(a) Frequency and severity of claims

The Group manages risks through its product design and pricing strategy, underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, medical selection is included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. Refer to Note 3 for the sensitivity analysis over the changes in risk variable arising from insurance contract liabilities.

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

Claims are payable on a claims-occurrence basis. The Group is liable for all insured events that occur during the term of the contract, assuming said claims are reported to the Group in a timely manner. All of the Group's insurance contracts could be repriced and therefore the Group is capable in reacting to the uncertainty of future claim payments by pricing adjustments.

4.2 Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities reinsurance contract assets/liabilities and insurance contract liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its contracts. The most important components of financial risk are liquidity risk and market risks, which include interest rate risk, credit risk and currency risk. These risks arise from open positions in interest rate and currency are exposed to general and specific market movements.

4.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities due to shortage of liquid funds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

## 4.3 Liquidity risk (continued)

The Group's objective is to ensure there are adequate funds to meet its liquidity requirements in the short and longer terms. In the management of liquidity risk, the Group considers the maturity of both its financial liabilities and financial assets and projected cashflows from operations. As most of the financial liabilities are with maturity profiles less than one year, the Group manages the liquidity risk by holding sufficient liquid assets such as cash and short-term deposits.

The following tables indicate the contractual timing of cash flow arising from financial assets and liabilities based on the remaining undiscounted contractual obligations, as well as the expected repayment dates of insurance contracts liabilities and reinsurance contracts assets.

<b>HKS'000</b>	<b>Note</b>	<b>Total</b>	<b>Due in one year or less</b>	<b>Due after one year through five years</b>	<b>Due after five years</b>	<b>No fixed maturity/on demand</b>
<b>31 December 2024</b>						
<b>Assets</b>						
Reinsurance contract assets	14	42,971	42,971	-	-	-
Prepayment and other receivables		14,196	-	-	-	14,196
Cash and cash equivalents	16	188,920	-	-	-	188,920
<b>Total</b>		<b>246,087</b>	<b>42,971</b>	<b>-</b>	<b>-</b>	<b>203,116</b>
<b>Liabilities</b>						
Insurance contract liabilities	13	111,915	111,915	-	-	-
Reinsurance contract liabilities	14	14,229	14,229	-	-	-
Lease liabilities	10	3,152	3,152	-	-	-
Accruals and other payables	17	17,261	17,261	-	-	-
Employee benefit obligation		13,073	13,073	-	-	-
<b>Total</b>		<b>159,630</b>	<b>159,630</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

## 4.3 Liquidity risk (continued)

<b>HK\$'000</b>	<b>Note</b>	<b>Total</b>	<b>Due in one year or less</b>	<b>Due after one year through five years</b>	<b>Due after five years</b>	<b>No fixed maturity/on demand</b>
<b>31 December 2023</b>						
<b>Assets</b>						
Reinsurance contract assets	14	22,971	22,971	-	-	-
Prepayment and other receivables		9,372	-	-	-	9,372
Cash and cash equivalents	16	300,927	-	-	-	300,927
<b>Total</b>		<b>333,270</b>	<b>22,971</b>	<b>-</b>	<b>-</b>	<b>310,299</b>
<b>Liabilities</b>						
Insurance contract liabilities	13	63,068	63,068	-	-	-
Reinsurance contract liabilities	14	4,045	4,045	-	-	-
Lease liabilities	10	6,548	3,298	3,250	-	-
Accruals and other payables	17	17,009	17,009	-	-	-
Employee benefit obligation		8,025	8,025	-	-	-
<b>Total</b>		<b>98,695</b>	<b>95,445</b>	<b>3,250</b>	<b>-</b>	<b>-</b>

31 December 2024

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

4.4 Interest rate risk

No material interest rate risk exists for short term insurance liabilities, as they are not directly sensitive to the level of market interest rates since they are undiscounted and contractually non-interest-bearing.

4.5 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:

- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid, and
- bank balances.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract and to ensure ongoing creditworthiness of the reinsurer. The Group's policy is to accept only reinsurers with investment grade external credit ratings (i.e. BBB- or higher). As at 31 December 2024, the reinsurers associated with the reinsurance contract assets were investment grade.

The maximum credit risk exposure for financial assets and reinsurance contract assets recognised on the consolidated statement of financial position is the carrying amount less, where applicable, any provision for doubtful debts. Taking into consideration of their maturity term of no more than one year as at 31 December 2024, the loss allowance was assessed to be minimal.

4.6 Currency risk

The Group operates in Hong Kong and issues Hong Kong dollar denominated insurance policies.

The Group's policy is to generally invest in assets denominated in the same currencies and/or assets in foreign currencies hedged back to the currencies of the insurance liabilities, which mitigate the Group's foreign currency exchange rate risk. As at 31 December 2024, the Group's assets are mainly denominated in Hong Kong dollars and United States dollars. Since the Hong Kong dollars are currently pegged to the United States dollars, the impact of exchange rate fluctuation is considered to be insignificant to the results of the Group.

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## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

## 4.7 Sensitivity analysis

Sensitivity analysis to the key variables affecting financial assets is set out in the table below. In calculating the sensitivity of debt instruments to changes in interest rates, the Group assumes no corresponding impact to liabilities to policyholders.

Information is presented to illustrate the estimated impact on loss and total equity arising from a change in a single variable before taking into account the effects of taxation.

HK\$'000	2024		2023	
	Impact on loss before tax	Impact on total equity (before the effects of taxation)	Impact on loss before tax	Impact on total equity (before the effects of taxation)
<b>Interest rate risk</b>				
+50 basis points shift in yield curves	34	34	12	12
-50 basis points shift in yield curves	(34)	(34)	(12)	(12)

## 4.8 Capital management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern and to comply with capital requirements specified in the HKIO, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or return capital to shareholders.

Pursuant to Chapter 41 of Hong Kong Insurance Ordinance ("IO"), the Group must ensure at all times that its capital base is not less than each of:

- the Prescribed Capital Amount ("PCA") of the insurer as determined in accordance with Part 5 of the Insurance (Valuation and Capital) Rules (Cap. 41R) ;
- the Minimum Capital Amount ("MCA") of the insurer, being 50% of the PCA; and
- HK\$20million

For the year ended 31 December 2024 and 2023, the Group complied with the capital requirements as set out by the relevant authorities in Hong Kong.



## BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

## 5. OTHER LOSSES AND OPERATING EXPENSES

	2024 HK\$	2023 HK\$
<b>Other losses</b>		
Exchange differences, net	757,666	733,507
Goodwill impairment	-	314,843
	<u>757,666</u>	<u>1,048,350</u>
<b>Operating expenses</b>		
Claims and benefits	3,110,520	737,198
Other acquisition expenses incurred	7,048,397	3,083,880
Auditors' remuneration	1,289,074	1,055,006
Depreciation of right-of-use assets	3,064,752	2,422,552
Depreciation of plant and equipment	2,301,215	2,283,159
Interest on lease liabilities	274,902	58,934
Rental and utilities	808,229	1,115,797
Policyholder-related expense	14,302,717	9,431,941
Legal and professional fee	4,410,544	4,572,874
IT hardware and software expense	9,127,181	6,510,897
Travel and entertainment	417,706	208,101
Marketing and branding	46,058,383	46,757,979
Café expense	492,493	601,449
Staff costs (note i)	105,831,518	80,364,555
Share-based compensation expenses (note 13)	95,233	9,959,663
Other post employment benefits (note i)	3,994,728	2,670,799
Directors' remuneration (note 18)	2,916,000	2,821,556
Others	1,534,211	966,148
Amounts attributed to insurance acquisition cash flows	(74,009,679)	(60,601,449)
Amount attributed to incurred claims and maintenance expenses	(16,913,831)	(15,527,871)
Operating expenses	<u>116,154,293</u>	<u>99,493,168</u>

Notes:

- (i) Included in the staff costs is HK\$3,143,430 (2023: HK\$1,282,240) paid to the Mitsui and Sunlife for staff secondment arrangements.

# BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

### 6. INCOME TAX

Taxes on profits assessable in Hong Kong have been calculated at 16.5% (2023: 16.5%) during the year.

For subsidiary incorporated in Vietnam, corporate income tax has been provided at the rate of 20% on the estimated assessable profits during the year.

For subsidiary incorporated in Singapore, corporate income tax has been provided at the rate of 17% on the estimated assessable profits during the year.

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the countries/jurisdictions in which the Group's operations are domiciled to the tax credit at the Group's effective tax rate is as follows:

	2024 HK\$	2023 HK\$
Loss before tax	<u>(152,185,078)</u>	<u>(121,172,281)</u>
Tax at the domestic rates applicable to losses in the countries/jurisdictions where the Group operates	(25,116,550)	(20,011,458)
Income not subject to tax	(14,279,408)	(378,021)
Expenses not deductible for tax	28,962,235	121,876
Tax losses not recognised	<u>10,433,723</u>	<u>20,267,603</u>
Tax credit at the Group's effective tax rate	<u>-</u>	<u>-</u>

At the end of the reporting period, the Group has estimated unused tax losses arising in Hong Kong of approximately HK\$380,791,189 (2023: HK\$376,940,716) available for offset against future profits, having considered the Group's latest financial results and the latest available profit tax return submitted. The unused tax losses do not expire under the current tax legislation and can be carried forward indefinitely.

The Group also has estimated unused tax losses arising in Vietnam of approximately HK\$337,470 (2023: HK\$166,049) as at 31 December 2024, that will expire in four to five years for offsetting against future taxable profits.

The Group also has estimated unused tax losses arising in Singapore of approximately HK\$75,224 (2023: nil) as at 31 December 2024, that will expire in four to five years for offsetting against future taxable profits.

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation.

BOWTIE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

7. FINANCE AND OTHER INCOME

	2024 HK\$	2023 HK\$
<b>Finance income</b>		
Interest income on bank deposits	5,500,450	2,290,463
<b>Other income</b>		
Subscription service income	13,583,642	14,615,913
TPA income (Note i)	4,593,319	-
Café income	1,785,616	2,071,892
Other	586,194	261,433
	20,548,771	16,949,238
	26,049,221	19,239,701

Notes:

- (i) TPA income represents income for third party administration service and administrative processes provided on policy maintenance and handling.

8. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

On 26 February 2021 the Company invested in a Joint Venture with JP Partners Medical Centre Limited to provide clinical outpatient services in Hong Kong. Set out below is the joint venture of the Group as at 31 December 2024 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation or registration is also its principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held, yet, due its nature of joint venture, it requires unanimous consent of the parties over decisions about the relevant activities.

Name of entity	Place of incorporation	% of ownership interest	Nature of relationship	Measurement method	Carrying amount	
					2024 HK\$	2023 HK\$
Bowtie x JP Partners Medical Centre Limited	Hong Kong	65	Joint Venture (i)	Equity method	513,637	1,153,874

- (i) Bowtie x JP Partners Medical Centre Limited provides medical services in Hong Kong. It is a strategic investment for the Company which pilot better alignment of the interests of the Company and the joint venturer.

Below is the movement of interest in joint ventures during the year:

	2024 HK\$	2023 HK\$
Balance at beginning of year	1,153,874	865,724
Addition for the year	-	1,150,500
Share of loss for the year	(640,237)	(862,350)
Balance at the end of year	513,637	1,153,874



BOWTIE LIFE INSURANCE COMPANY LIMITED

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9. PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture, and computer equipment HK\$	Total HK\$
<b>Cost</b>			
At 1 January 2023	3,807,126	3,566,042	7,373,168
Additions	-	1,666,009	1,666,009
At 31 December 2023	3,807,126	5,232,051	9,039,177
Additions	1,603,567	1,501,375	3,104,942
Foreign exchange movement	-	(251)	(251)
At 31 December 2024	5,410,693	6,733,175	12,143,868
<b>Accumulated depreciation</b>			
At 1 January 2023	2,562,880	1,994,424	4,557,304
Depreciation charge for the year	1,179,928	1,103,231	2,283,159
At 31 December 2023	3,742,808	3,097,655	6,840,463
Depreciation charge for the year	791,387	1,509,828	2,301,215
Foreign exchange movement	-	(56)	(56)
At 31 December 2024	4,534,195	4,607,427	9,141,622
<b>Net book value</b>			
At 31 December 2023	64,318	2,134,396	2,198,714
At 31 December 2024	876,498	2,125,748	3,002,246

BOWTIE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

10. LEASES

The note provides information for leases where the Group is a lessee:

(i) *Amounts recognised in the consolidated statement of financial position*

	2024 HK\$	2023 HK\$
<b>Right-of-use assets</b>		
Office premises	<u>3,064,748</u>	<u>6,129,500</u>
<b>Lease liabilities</b>		
Current	3,152,284	3,022,699
Non-current	<u>-</u>	<u>3,152,283</u>
	<u>3,152,284</u>	<u>6,174,982</u>

There were no additions to the right-of-use assets during the 2024 financial year (2023: HK\$6,212,648).

(ii) *Amounts recognised in the consolidated statement of profit or loss and other comprehensive income*

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024 HK\$	2023 HK\$
<b>Depreciation charge of right-of-use assets</b>		
Office premises	<u>3,064,752</u>	<u>2,422,552</u>
Interest expense on lease liabilities*	274,902	58,934
Expense relating to short-term leases*	15,134	15,161
Gain on lease modification <sup>#</sup>	-	50,724

\* Included in operating expenses

<sup>#</sup> Included in other income

During the year, the Group had no non-cash additions to right-of-use assets and lease liabilities (2023: HK\$6,212,648) in respect of lease arrangement.

The total cash outflow for lease in 2024 was HK\$3,312,734 (2023: HK\$2,583,161).

(iii) *The Group's leasing activities and how these are accounted for*

The Group has lease contracts for various office premises. Leases for office premises generally have fixed terms between 2 and 3 years.

BOWTIE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

11. SHARE CAPITAL

	Number of shares	HK\$
<b>Ordinary shares issued and fully paid</b>		
At 1 January 2023, 31 December 2023 and 31 December 2024	<u>600,000</u>	<u>109</u>
<b>Preference shares issued and fully paid</b>		
At 31 December 2023 and 31 December 2024	<u>812,609</u>	<u>683,826,267</u>
<b>Total share capital</b>	<u>1,412,609</u>	<u>683,826,376</u>

Both ordinary shares and preference shares have no par value.

The distributions of the Group's dividend are subjected to certain terms, conditions and approval from the preference shareholders.

The issuance and transfer of both classes of share is subjected to terms and conditions specified in the shareholder deed.



31 December 2024

## 12. SHARE-BASED COMPENSATION

Bowtie Employee Share Option Plan

Certain eligible employees of the Company have been granted options to subscribe for ordinary shares in the Company at nil cost under Bowtie Employee Share Option Plan. For all share options issued on or before 31 December 2024, the shares from any of these exercised share options will be granted by two individual shareholders in their personal capacity, subject to the required approval and authorisation.

Share options granted to the eligible employees are subject to customary vesting requirements over four (4) years starting from the grant date. A quarter of the share options will vest at the end of the first year after grant date, and the remainder three quarters of share options will vest in equal monthly instalments over the following three (3) years. The following table sets out the vesting schedule of the share options. Intermediate values (after 12 months and before 48 months) that are not shown in the table will be determined by linearly interpolation based on the number of calendar months since the grant date (rounded down to the nearest whole month).

Whole months from Commencement Date	Percentage of shares vested
Less than 12	0.0%
12	25.0%
18	37.5%
24	50.0%
30	62.5%
36	75.0%
42	87.5%
48	100.0%

The option period of the share options granted is 10 years after vesting, or other periods determined by the board of directors.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

In measuring the share options, the Group has adopted a hybrid method, which is hybrid between the probability-weighted expected return method and the optional pricing model ("OPM"), involving estimating the probability-weighted value across multiple scenarios and using the OPM to estimate the allocation of value within one or more of those scenarios.

The number of share options outstanding at the end of the reporting period is 51,063.

During the year ended 31 December 2024, the company recognised share-based compensation expenses of HK\$95,233 (2023: HK\$9,959,663) in the consolidated statement of profit or loss and other comprehensive income.

## BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

## 13. INSURANCE CONTRACT ISSUED

The roll-forward of net asset or liability for life insurance contracts issued showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:

Year ended 31 December 2024

	Liabilities for remaining coverage	Liabilities for incurred claims			Total
		Loss Component	Estimates of the present value of future cash flows	Risk adjustment	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	13,846,255	-	46,685,020	2,536,961	63,068,236
<b>Net opening balance</b>	<b>13,846,255</b>	<b>-</b>	<b>46,685,020</b>	<b>2,536,961</b>	<b>63,068,236</b>
<b>Insurance revenue</b>	<b>(226,973,182)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(226,973,182)</b>
<b>Insurance service expenses</b>					
Incurred claims and maintenance expenses	-	-	213,318,649	3,900,168	217,218,817
Changes that relate to past service – adjustments to the incurred claims	-	-	(2,277,866)	(2,536,961)	(4,814,827)
Insurance acquisition expenses	-	-	74,009,679	-	74,009,679
Losses on onerous contracts and reversals of those losses	-	1,258,105	-	-	1,258,105
<b>Total insurance service expenses</b>	<b>-</b>	<b>1,258,105</b>	<b>285,050,462</b>	<b>1,363,207</b>	<b>287,671,774</b>
<b>Insurance service result</b>	<b>(226,973,182)</b>	<b>1,258,105</b>	<b>285,050,462</b>	<b>1,363,207</b>	<b>60,698,592</b>
<b>Cash flows</b>					
Premiums received	238,704,464	-	-	-	238,704,464
Claims and maintenance expenses paid	-	-	(176,546,441)	-	(176,546,441)
Insurance acquisition cash flows	-	-	(74,009,679)	-	(74,009,679)
Total cash flows	238,704,464	-	(250,556,120)	-	(11,851,656)
<b>Net closing balance</b>	<b>25,577,537</b>	<b>1,258,105</b>	<b>81,179,362</b>	<b>3,900,168</b>	<b>111,915,172</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	25,577,537	1,258,105	81,179,362	3,900,168	111,915,172
<b>Net closing balance</b>	<b>25,577,537</b>	<b>1,258,105</b>	<b>81,179,362</b>	<b>3,900,168</b>	<b>111,915,172</b>

## BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

## 13. INSURANCE CONTRACT ISSUED (continued)

The roll-forward of net asset or liability for life insurance contracts issued showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:  
(continued)

Year ended 31 December 2023

		Liabilities for incurred claims		
	Liabilities for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	14,158,992	40,090,296	1,756,768	56,006,056
<b>Net opening balance</b>	<b>14,158,992</b>	<b>40,090,296</b>	<b>1,756,768</b>	<b>56,006,056</b>
<b>Insurance revenue</b>	<b>(157,733,852)</b>	-	-	<b>(157,733,852)</b>
<b>Insurance service expenses</b>				
Incurred claims and maintenance expenses	-	138,344,546	2,536,961	140,881,507
Changes that relate to past service – adjustments to the incurred claims	-	(15,648,285)	(1,756,768)	(17,405,053)
Insurance acquisition expenses	-	60,601,450	-	60,601,450
<b>Total insurance service expenses</b>	<b>-</b>	<b>183,297,711</b>	<b>780,193</b>	<b>184,077,904</b>
<b>Insurance service result</b>	<b>(157,733,852)</b>	<b>183,297,711</b>	<b>780,193</b>	<b>26,344,052</b>
<b>Cash flows</b>				
Premiums received	157,421,115	-	-	157,421,115
Claims and maintenance expenses paid	-	(116,101,537)	-	(116,101,537)
Insurance acquisition cash flows	-	(60,601,450)	-	(60,601,450)
Total cash flows	157,421,115	(176,702,987)	-	(19,281,872)
<b>Net closing balance</b>	<b>13,846,255</b>	<b>46,685,020</b>	<b>2,536,961</b>	<b>63,068,236</b>
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	13,846,255	46,685,020	2,536,961	63,068,236
<b>Net closing balance</b>	<b>13,846,255</b>	<b>46,685,020</b>	<b>2,536,961</b>	<b>63,068,236</b>



## BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 14. REINSURANCE CONTRACT HELD

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising business ceded to reinsurers is disclosed in the table below:

Year ended 31 December 2024

		Amounts recoverable on incurred claims		
	Assets for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	(8,232,085)	30,903,450	299,647	22,971,012
Opening reinsurance contract liabilities	(40,779,741)	36,034,596	699,698	(4,045,447)
<b>Net opening balance</b>	<b>(49,011,826)</b>	<b>66,938,046</b>	<b>999,345</b>	<b>18,925,565</b>
<b>Net income/(expenses) from reinsurance contracts held</b>				
Reinsurance expenses	(92,053,336)	-	-	(92,053,336)
Incurred claims recovery	-	91,401,006	1,413,019	92,814,025
Changes that relate to past service - adjustments to incurred claims recovery	-	255,145	(999,345)	(744,200)
<b>Net income/(expenses) from reinsurance contracts held</b>	<b>(92,053,336)</b>	<b>91,656,151</b>	<b>413,674</b>	<b>16,489</b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions	35,651,916	-	-	35,651,916
Recoveries from reinsurance	-	(25,851,732)	-	(25,851,732)
Total cash flows	35,651,916	(25,851,732)	-	9,800,184
<b>Net closing balance</b>	<b>(105,413,246)</b>	<b>132,742,465</b>	<b>1,413,019</b>	<b>28,742,238</b>
Closing reinsurance contract assets	(31,280,759)	73,835,105	417,019	42,971,365
Closing reinsurance contract liabilities	(74,132,487)	58,907,360	996,000	(14,229,127)
<b>Net closing balance</b>	<b>(105,413,246)</b>	<b>132,742,465</b>	<b>1,413,019</b>	<b>28,742,238</b>

## BOWTIE LIFE INSURANCE COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 14. REINSURANCE CONTRACT HELD (continued)

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising business ceded to reinsurers is disclosed in the table below: (continued)

Year ended 31 December 2023

		Amounts recoverable on incurred claims		
	Assets for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	(16,193,071)	22,973,518	290,058	7,070,505
Opening reinsurance contract liabilities	(22,603,202)	22,195,772	362,877	(44,553)
<b>Net opening balance</b>	<b>(38,796,273)</b>	<b>45,169,290</b>	<b>652,935</b>	<b>7,025,952</b>
<b>Net income/(expenses) from reinsurance contracts held</b>				
Reinsurance expenses	(60,642,580)	-	-	(60,642,580)
Incurred claims recovery	-	72,189,569	999,345	73,188,914
Changes that relate to past service - adjustments to incurred claims recovery	-	(23,772,760)	(652,935)	(24,425,695)
<b>Net income/(expenses) from reinsurance contracts held</b>	<b>(60,642,580)</b>	<b>48,416,809</b>	<b>346,410</b>	<b>(11,879,361)</b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions	50,427,027	-	-	50,427,027
Recoveries from reinsurance	-	(26,648,053)	-	(26,648,053)
Total cash flows	50,427,027	(26,648,053)	-	23,778,974
<b>Net closing balance</b>	<b>(49,011,826)</b>	<b>66,938,046</b>	<b>999,345</b>	<b>18,925,565</b>
Closing reinsurance contract assets	(8,232,085)	30,903,450	299,647	22,971,012
Closing reinsurance contract liabilities	(40,779,741)	36,034,596	699,698	(4,045,447)
<b>Net closing balance</b>	<b>(49,011,826)</b>	<b>66,938,046</b>	<b>999,345</b>	<b>18,925,565</b>

BOWTIE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. PREPAYMENT AND OTHER RECEIVABLES

	2024 HK\$	2023 HK\$
Prepayments	2,693,838	3,202,856
Deposits	2,763,373	3,424,756
Other receivables	11,433,109	5,947,253
	<u>16,890,320</u>	<u>12,574,865</u>

16. CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Deposits with banks		
Current accounts	45,750,072	163,567,014
Short-term bank deposits (i)	143,169,703	137,359,723
	<u>188,919,775</u>	<u>300,926,737</u>

(i) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition. See Note 2.15 for the Group's accounting policies on cash and cash equivalents.

17. ACCRUALS AND OTHER PAYABLES

	2024 HK\$	2023 HK\$
Other payables	4,872,316	8,732,549
Accrued expenses	8,717,711	5,397,070
Bowtie cash	3,651,521	2,859,979
Provision	19,440	19,440
	<u>17,260,988</u>	<u>17,009,038</u>



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18. DIRECTORS' EMOLUMENTS

As disclosures required by Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G), aggregate emoluments paid to or receivable by directors in respect of their services in connection with the management of the affairs of the Group is presented as follows:

	2024 HK\$	2023 HK\$
Short-term employee benefits	2,880,000	2,785,556
Post-employment benefits	36,000	36,000
	<u>2,916,000</u>	<u>2,821,556</u>
Aggregate emoluments paid to or receivable by directors in respect of:		
their services as directors	400,000	385,556
their other services in connection with the management of the affairs of the Group	2,516,000	2,436,000
	<u>2,916,000</u>	<u>2,821,556</u>
The aggregate emoluments of the three highest paid Directors	<u>2,716,000</u>	<u>2,821,556</u>

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19. RELATED PARTY TRANSACTIONS

(a) Parent entity and controlling parties

The Group is controlled by the following personnel and entity:

Name	Type	Place of incorporation	Ownership interest	
			2024	2023
Chan, Michael Kwan Yu	Controller	N/A	47.2% of ordinary shares	47.2% of ordinary shares
Ngan, Yiu Fai Frederick	Controller	N/A	44.8% of ordinary shares	44.8% of ordinary shares
Sun Life Hong Kong Limited	Controller	Hong Kong	86.9% of preference shares	86.9% of preference shares
Mitsui & Co., Ltd	Controller	Japan	13.1% of preference shares	13.1% of preference shares

Key management personnel have been identified as the members of the Group's Board of Directors. Remuneration of directors is disclosed in Note 18.

(b) Transactions with other related party

The following transactions occurred with related party:

	2024 HK\$	2023 HK\$
Receipt of subscription service income from Sun Life Hong Kong Limited	-	962,500
Receipt of insurance premium revenue from Mitsui & Company Hong Kong Ltd.	1,461,547	1,315,501
Purchase of medical services from joint venture	1,651,355	1,220,343
TPA income	4,593,319	-

Other material related party transactions are disclosed in Notes 5, 7 and 8.

BOWTIE LIFE INSURANCE COMPANY LIMITED

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20. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2024 HK\$	31 December 2023 HK\$
<b>Assets</b>		
Right-of-use assets	3,064,748	6,129,500
Plant and equipment	2,994,720	2,185,348
Investment in subsidiaries	2,501,567	2,501,562
Investment in a joint venture accounted for using the equity method	513,637	1,153,874
Reinsurance contract assets	42,971,365	22,971,012
Deferred tax assets	1,783,464	1,783,464
Prepayments and other receivables	18,806,124	13,229,332
Cash and cash equivalents	183,303,308	298,680,683
Total assets	<u>255,938,933</u>	<u>348,634,775</u>
<b>Liabilities</b>		
Insurance contract liabilities	111,915,172	63,068,236
Reinsurance contract liabilities	14,229,127	4,045,447
Lease liabilities	3,152,284	6,174,982
Unearned fee income	484,832	273,965
Accruals and other payables	14,492,230	16,901,142
Employee benefit obligations	13,073,302	8,024,985
Total liabilities	<u>157,346,947</u>	<u>98,488,757</u>
<b>Equity</b>		
Share capital	683,826,376	683,826,376
Accumulated losses	(595,289,286)	(443,640,021)
Share-based compensation reserve	10,054,896	9,959,663
Total equity attributable to shareholders of the Company	<u>98,591,986</u>	<u>250,146,018</u>
Total equity and liabilities	<u>255,938,933</u>	<u>348,634,775</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 20. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserve is as follows:

	Notes	Share capital HK\$	Accumulated losses HK\$	Share-based compensation reserve HK\$	Total HK\$
Balance at 1 January 2023		410,724,749	(323,302,225)	-	87,422,524
Total comprehensive loss for the year		-	(120,337,796)	-	(120,337,796)
Issuance of preference shares	11	273,101,627	-	-	273,101,627
Equity-settled share-based compensation	12	-	-	9,959,663	9,959,663
Balance at 31 December 2023		<u>683,826,376</u>	<u>(443,640,021)</u>	<u>9,959,663</u>	<u>250,146,018</u>
Balance at 1 January 2024		683,826,376	(443,640,021)	9,959,663	250,146,018
Total comprehensive loss for the year		-	(151,649,265)	-	(151,649,265)
Equity-settled share-based compensation	12	-	-	95,233	95,233
Balance at 31 December 2024		<u>683,826,376</u>	<u>(595,289,286)</u>	<u>10,054,896</u>	<u>98,591,986</u>

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21. EVENT AFTER THE REPORTING PERIOD

The Group's net asset position was HK\$97million as at 31 December 2024, with net cash used in operating activities of over HK\$111million for the year then ended. In light of these conditions, on 15 July 2025, a Controller of the Company, Sun Life Hong Kong Limited, entered into a share subscription agreement to provide additional capital of up to US\$70million to the Company, of which US\$40million (equivalent to HK\$314million ) has been injected into the Company.

The directors have reviewed the Group's cash flow projections and the fundraising plan, which cover a period of 12 months from 31 December 2024 and believe that the Group will continue as a going concern. Consequently, the directors have prepared the consolidated financial statements on a going concern basis.

Upon completion of the aforementioned capital injection, Sun Life Hong Kong Limited's ownership interest of the Company's share capital increased to 55.82%.