Macau Insurance Company Limited
澳門保險股份有限公司

(Incorporated in Macau with limited liability)

Financial Statements

For the year ended 31 December 2024

pwc

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MACAU INSURANCE COMPANY LIMITED
(incorporated in Macao with limited liability by shares)

Report on the Audit of the Financial Statements

We have audited the financial statements of Macau Insurance Company Limited (the "Company") standing alone set out on pages 3 to 39, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements of the Company Standing Alone

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and the Macao Insurance Ordinance under Decree-Law No. 27/97/M, of 30 June amended by Law No. 21/2020 (the "Macao Insurance Ordinance"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the management has responsibilities to apply the Company's assets guaranteeing the technical reserves in accordance with Articles 56 to 67 of the Macao Insurance Ordinance.

Auditor's Responsibility for the Financial Statements of the Company Standing Alone

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. In addition, we are required to report whether proper accounting records have been maintained in accordance with Article 88(2) of Macao Insurance Ordinance; whether we are aware of non-compliance by the Company with the requirements of Articles 56 to 67 of the Macao Insurance Ordinance regarding the Company's assets guaranteeing the technical reserves; and whether the Company has provided us with all the necessary information and explanations required for the purpose of the audit.

We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

PricewaterhouseCoopers
Sociedade de Auditores, 14G, Finance and IT Center of Macau, Avenida Doutor Mario Soares No. 320, Macau SAR, China
T: +853 8799 5111, F: +853 8799 5222, www.pwchk.com

pwc

羅兵咸永道

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company standing alone as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and have been properly prepared in accordance with the Macao Insurance Ordinance.

Report on Other Matters under Article 88(2) of the Macao Insurance Ordinance

In our opinion, the Company has maintained proper accounting records in respect of the year ended 31 December 2024.

In respect of the year ended 31 December 2024, we are not aware of non-compliance by the Company with the requirements of Articles 56 to 67 of the Macao Insurance Ordinance regarding the Company's assets guaranteeing the technical reserves.

The Company has provided us with all the necessary information and explanations required for the purpose of the audit.

Li Ching Lap Bernard
Certified Public Accountant
PricewaterhouseCoopers

Macao, 28 February 2025

Statement of comprehensive income for the year ended 31 December 2024

(Expressed in Macau Patacas)

	Note	*2024*	*2023*
Gross premium written	5	339,433,783	255,004,330
Change in gross provision for unearned premiums	21(b)	(26,434,918)	3,378,306
Gross insurance premium revenue		312,998,865	258,382,636
Written premiums ceded to reinsurers		(227,905,236)	(173,592,943)
Reinsurers' share of change in provision for unearned premiums	21(b)	14,873,983	(4,171,204)
Ceded insurance premium revenue		(213,031,253)	(177,764,147)
Net insurance premium revenue		99,967,612	80,618,489
Commission earned from reinsurers	9	29,813,704	23,296,458
Net investment income	6	14,148,297	27,767,949
Other income	7	1,073,799	5,375,855
Total income		145,003,412	137,058,751
Insurance claims and loss adjustment expenses	8	(17,573,527)	(54,113,433)
Insurance claims and loss adjustment expenses recoverable from reinsurers	8	(22,286,061)	28,091,502
Net insurance claims and loss adjustment expenses	8	(39,859,588)	(26,021,931)
Expense for acquisition of insurance contracts	9	(29,046,103)	(23,995,694)
Depreciation and amortisation expenses	12, 13	(456,703)	(785,808)
Administrative expenses	10	(56,756,005)	(48,522,547)
Increase of impairment allowances		(273,081)	(376,482)
Operating expenses		(86,531,892)	(73,680,531)
Profit before income tax		18,611,932	37,356,289
Income tax expense	11(a)	(1,477,022)	(3,973,661)
Net profit		17,134,910	33,382,628

Statement of comprehensive income for the year ended 31 December 2024 (Continued)

(Expressed in Macau Patacas)

	Note	*2024*	*2023*
Net profit		17,134,910	33,382,628
Changes in fair value of equity investments at fair value through other comprehensive income		135,696,066	116,910,816
Deferred income tax related to the above	11(a)	(16,283,527)	(14,029,298)
Other comprehensive income, net of tax		119,412,539	102,881,518
Total comprehensive income		136,547,449	136,264,146

Approved and authorised for issue by the Board of Directors on 28 February 2025.

Signing on behalf of the Board and certifying the correspondence of these financial statements to those approved by the Board and signed by all directors:

Lee Kai Tai
Director / Chief Executive Officer

Chan Io Meng
Director / Deputy Chief Executive Officer
Chief Financial and Operating Officer

Statement of financial position as at 31 December 2024

(Expressed in Macau Patacas)

	Note	*2024*	*2023*
Assets			
Property, plant and equipment	12	630,897	830,100
Intangible assets	13	144,202	288,401
Investment properties	14, 20	128,700,000	136,890,000
Investment in a subsidiary	24	47,928,000	47,928,000
Investments	15, 20	858,760,315	872,559,147
Premium receivables	17	64,432,387	44,037,689
Reinsurers' share of insurance contracts provision	21(a)	276,292,325	335,407,457
Deferred acquisition costs	18	25,333,147	20,777,911
Amounts due from a subsidiary		379	-
Amounts due from reinsurance companies		816,866	1,306,746
Sundry debtors		3,468,992	2,337,422
Cash and bank balances	19, 20	76,770,136	110,218,426
Total assets		1,483,277,646	1,572,581,299
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	22	220,000,000	220,000,000
Reserves	23	183,617,022	141,694,749
Retained earnings		516,362,993	636,083,474
Total equity		919,980,015	997,778,223

Statement of financial position as at 31 December 2024 (Continued)

(Expressed in Macau Patacas)

	Note	*2024*	*2023*
Liabilities			
Deferred tax liabilities	11(b)	33,080,750	28,802,095
Deferred reinsurance commission income	18	13,988,506	9,908,249
Unearned premium reserve	21(a)	167,118,042	140,683,124
Unexpired risk reserve	21(a)	-	1,000
Accounts payable and accruals		33,784,897	29,376,387
Amounts due to a subsidiary		-	151
Amounts due to fellow subsidiaries		4,998,357	5,080,416
Amounts due to holding companies		12,263	506,068
Amounts due to reinsurance companies		45,834,380	37,379,398
Outstanding claims	21(a)	251,325,421	321,135,297
Tax payable	11(c)	13,155,015	1,930,891
Total liabilities		563,297,631	574,803,076
Total equity and liabilities		1,483,277,646	1,572,581,299

Approved and authorised for issue by the Board of Directors on 28 February 2025.

Signing on behalf of the Board and certifying the correspondence of these financial statements to those approved by the Board and signed by all directors:

Lee Kai Tai
Director / Chief Executive Officer

Chan Io Meng
Director / Deputy Chief Executive Officer
Chief Financial and Operating Officer

Statement of changes in equity for the year ended 31 December 2024

(Expressed in Macau Patacas)

	Attributable to shareholders of the Company				
	Share capital	Legal reserves	Asset revaluation reserves	Retained earnings	Total
	(Note 22)	(Note 23)	(Note 23)	(Note 23)	
At 1 January 2023	220,000,000	23,824,436	(2,878,354)	723,567,995	964,514,077
Transfer to legal reserve	-	1,027,750	-	(1,027,750)	-
Profit for the year	-	-	-	33,382,628	33,382,628
Other comprehensive income for the year	-	-	102,881,518	-	102,881,518
Reclassification of net change in fair value of investments at FVOCI upon derecognition	-	-	16,839,399	(16,839,399)	-
Dividend payout to shareholders	-	-	-	(103,000,000)	(103,000,000)
At 31 December 2023	220,000,000	24,852,186	116,842,563	636,083,474	997,778,223
Transfer to legal reserve	-	3,338,263	-	(3,338,263)	-
Profit for the year	-	-	-	17,134,910	17,134,910
Other comprehensive income for the year	-	-	119,412,539	-	119,412,539
Reclassification of net change in fair value of investments at FVOCI upon derecognition	-	-	(80,828,529)	80,828,529	-
Dividend payout to shareholders	-	-	-	(214,345,657)	(214,345,657)
At 31 December 2024	220,000,000	28,190,449	155,426,573	516,362,993	919,980,015

Note: Final dividend of MOP974.30 per share (2022: 468.18) for the year ended 31 December 2023 was distributed to shareholders of the Company in June 2024. Of the MOP214,345,657 dividend payout to shareholders, MOP82,549,807 was settled by the transfer of FVTPL investments while the remaining MOP131,795,850 was settled by the transfer of FVOCI investments.

Statement of cash flows for the year ended 31 December 2024

(Expressed in Macau Patacas)

	Note	*2024*	*2023*
Cash flows from operating activities			
Profit before taxation		18,611,932	37,356,289
Adjusted for:			
Unrealised loss on revaluation of financial assets at FVTPL	6	1,616,857	5,361,766
Foreign exchange loss / (gain) on financial assets	6	1,365,719	(4,382,392)
Realised loss on disposal of financial assets at FVTPL	6	661,247	295,205
Realised loss on disposal of derivative financial instruments	6	5,412,719	867,778
Dividend income	6	(18,798,852)	(19,304,607)
Interest income	6	(4,371,446)	(9,490,935)
Amortisation of interest on financial assets measured at amortised costs	6	(7,825)	(12,916)
Rental income	7	(4,046,525)	(4,075,440)
(Decrease) / increase in provision for expected credit losses		(628,603)	376,482
Depreciation and amortisation expense	12, 13	456,703	785,808
Fair value loss on revaluation of investment properties	7, 14	8,190,000	3,800,000
Operating profit before working capital changes		8,461,926	11,577,038
Increase / (decrease) in unearned premiums reserve	21(b)	26,434,918	(3,378,306)
(Decrease) / increase in unexpired risk reserve	21(b)	(1,000)	1,000
Decrease in outstanding claims	21(b)	(69,809,876)	(16,296,897)
Increase in deferred acquisition costs	18	(4,555,236)	(648,879)
(Increase) / decrease in reinsurance unearned premiums reserve	21(b)	(14,873,983)	4,171,204
Increase in reinsurance unexpired risk reserve	21(b)	(2,193,000)	(664,000)
Decrease in reinsurance outstanding claims	21(b)	76,182,115	6,269,466
Increase / (decrease) in deferred reinsurance commission income	18	4,080,257	(191,970)
(Increase) / decrease in premium receivables	17	(20,764,979)	77,011,763
(Increase) / decrease in sundry debtors excluding interest receivable		(257,207)	292,048
Net movement in balances with fellow subsidiaries		(82,059)	(5,197,111)
Net movement in balances with a subsidiary		(530)	63
Net movement in balances with holding companies		(493,805)	-
Increase in accounts payable and accruals		4,408,510	190,262
Increase / (decrease) in amounts due to reinsurance companies		9,848,200	(79,467,481)
Cash generated from / (used in) operations		16,384,251	(6,331,800)
Income tax paid	11(c)	(2,257,770)	(8,381,282)
Net cash generated from / (used in) operating activities		14,126,481	(14,713,082)

Statement of cash flows for the year ended 31 December 2024 (Continued)

(Expressed in Macau Patacas)

	Note	*2024*	*2023*
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(113,301)	(221,519)
Acquisition of intangible assets	13	-	(432,600)
Purchase of financial assets at FVTPL		(378,187,673)	(414,736,455)
Purchase of financial assets at FVOCI		(355,528,301)	(327,346,058)
Redemption of financial assets at amortised costs		-	8,074,600
Sales and redemption of financial assets at FVTPL		310,186,359	269,435,330
Sales and redemption of financial assets at FVOCI		355,064,081	251,847,150
Realised loss on derivative financial instruments		(5,412,719)	(867,778)
Dividends received		18,663,136	20,373,932
Interest received		3,632,708	10,056,650
Rentals received		4,046,525	4,073,998
(Increase) / decrease in time deposits	19	(20,789,540)	168,605,627
Decrease in pledged deposits	19	45,326,242	1,584,787
Net cash used in investing activities		(23,112,483)	(9,552,336)
Cash flows from financing activity			
Dividend paid to shareholders		-	(14,715,570)
Net cash used in financing activity		-	(14,715,570)
Net decrease in cash and cash equivalents		(8,986,002)	(38,980,988)
Cash and cash equivalents at the beginning of the year	19	17,415,368	56,396,356
Cash and cash equivalents at the end of the year	19	8,429,366	17,415,368

Notes to the financial statements

(Expressed in Macau Patacas)

1 General information

Macau Insurance Company Limited (the "Company" or "MIC") is a company domiciled in the Macau Special Administrative Region of the People's Republic of China and has its registered office and principal place of business at 11 Floor, BCM Building, 594 Avenida da Praia Grande, Macau. The Company is engaged in general insurance business.

These financial statements have been approved for issue by the Board of Directors on 28 February 2025 and one original has been signed by all directors. By a written resolution adopted by all members of the Board, it was resolved that any one director is authorised to sign on behalf of the Board other sets of financial statements for filing and submission purpose and to certify that such financial statements correspond to those approved by the Board and signed by all directors.

2 Principal accounting policies

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

(a) Basis of preparation

The financial statements of the Company have been prepared for statutory purposes in accordance with the Macao Financial Reporting Standards issued by the Government of the Macao Special Administrative Region ("MFRS") under the Dispatch of Secretary for Economy and Finance No. 44/2020 and the Macao Insurance Ordinance under Decree-Law No. 27/97/M, of 30 June amended by Law No. 21/2020 (the "Macao Insurance Ordinance"). The Company, as a holding company, has prepared consolidated financial statements for the Company for the year ended 31 December 2024. Consequently, this company level financial information and the comparatives constitute the Company's statutory financial statements for either of the years ended 31 December 2023 or 2024.

The financial statements are presented in Macau Patacas ("MOP"), which is the functional and presentation currency of the Company, unless otherwise stated. They are prepared on the historical cost basis, except for financial instruments described as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and investment properties that are stated at fair value.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by the management in the application of accounting principles that have significant effect on the financial statements and estimates with a significant risk arising from material judgements on future years are discussed in Note 3.

Effective from 1 January 2026, the Financial Reporting Standards issued by the Directive of Secretaria para a Economia e Financas No. 44/2020 on 17 March 2020 ("MFRS") will be replaced by the Financial Reporting Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region Notice No. 2/2024/CPC on 19 December 2024 ("New MFRS"). The New MFRS is mandatory for adoption from the annual period beginning 1 January 2028. The Company is assessing the impact of new MFRS to the Company's financial statements.

IFRS 16 in the new MFRS
IFRS 16 "Leases" will primarily affect the accounting for the Company's operating leases. As of the reporting date, the Company is assessing the impacts on the Company's financial statements.

IFRS 17 in the new MFRS
IFRS 17 "Insurance Contracts" will replace IFRS 4 "Insurance Contracts" in the MFRS. IFRS 17 includes fundamental differences to current accounting in insurance contract measurement, profit recognition, presentation and disclosure. The Company is assessing the impacts on the Company's financial statements.

2 Principal accounting policies (continued)

(b) Insurance contracts

The Company conducts general insurance business under the laws of Macau. The Company issues insurance contracts that transfer significant insurance risks. The Company derives all gross premiums from general insurance contracts.

The Company conducts general insurance business under the laws of Macau and issues insurance contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% or more than the benefits payable if the insured event did not occur. The Company derives all gross premiums from general insurance contracts.

(c) Recognition and measurement of insurance contracts

Gross premiums arising from general insurance business
Gross premiums in respect of general insurance business are accounted for in the period in which the business is written, which is generally the period in which the risk commences. Unearned premium reserves are made as stated below for the unexpired period of risk under each policy.

Unearned premium reserve
The provision for unearned premiums comprises the proportion of general insurance premiums written or ceded in a year that relate to the period of risk from 1 January of the following year to the expiry dates of the respective policies, calculated on a time-apportioned basis.

Deferred reinsurance commission income and deferred acquisition costs
Reinsurance commission income and acquisition costs, including agent commissions and attributable operating costs, for general insurance contracts are deferred and amortised over the terms of the policies as premium is earned.

Reinsurance
The Company enters into reinsurance arrangements in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to policyholders. Premiums ceded and benefits reimbursed are presented in the statement of comprehensive income and statement of financial position on a gross basis.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date (Note 2(m)). If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the statement of comprehensive income. The Company decides whether a reinsurance receivable is impaired based on its age and relevant information on the financial health of the counterparty. If the Company deems a reinsurance receivable to be impaired a full and specific provision will be made against the balance in question.

Commission expenses
Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as deferred acquisition costs ("DAC"). All other costs are recognised as expenses when incurred. DAC are subsequently amortised over the terms of the policies as premium is earned.

Claims arising from general insurance business
Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for claims incurred but not reported, and estimates for the expected ultimate costs of more complex claims that may be affected by external factors (such as court decisions).

Unexpired risk reserve
Provision is made for the excess of the estimated value of claims and related expenses likely to arise after the statement of financial position date from contracts concluded before that date over the unearned premiums (net of DAC) relating to those contracts.

Liabilities and related assets under liability adequacy test
The provision for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of DAC and any related assets (i.e. the value of business acquired). Where a shortfall is identified, an additional provision is made and the Company recognises the deficiency in profit or loss.

2 Principal accounting policies (continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (Note 2(m)).

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The applicable rates of depreciation adopted by the Company are as follows:

Computer equipment	20% p.a.
Motor vehicles	20% p.a.
Furniture and office equipment	20% p.a.
Leasehold improvements	20%-33.33% p.a.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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 (Note 2(m)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recognised in profit or loss.

(e) Intangible assets – computer software

Intangible assets are stated at cost less accumulated amortisation and impairment losses (Note 2(m)).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The applicable rate of amortisation adopted by the Company is as follows:

Computer software	33.33% p.a.

Costs that are directly associated with the acquisition or development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Development costs of such intangible assets include employee costs incurred as a result of developing the software and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and highly liquid investments that are within three months of maturity at the time of acquisition, which are readily convertible into known amounts of cash and therefore subject to insignificant risk from changes in value.

(g) Insurance and other receivables

Insurance and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses (Note 2(m)).

2 Principal accounting policies (continued)

(h) Financial assets

Classification
Financial assets are classified into the following measurement categories:

- those to be measured at fair value (either through profit or loss or through other comprehensive income ("OCI")); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Recognition and derecognition
Purchases and sales of financial assets are recognised on the trade date, which is when the Company commits to purchase or sell the assets. Financial assets are derecognised when contractual rights to receive cash flows from the financial assets have expired or have been transferred substantially all the risks and rewards of ownership.

Initial measurement
Financial assets are initially measured at fair value plus, in the case of financial assets not at FVTPL, transaction costs that are directly attributable to their acquisition. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement
(i) Debt instruments

Debt instruments are subsequently measured in accordance with the Company's business model for managing the asset and the cash flow characteristics of the asset. The business model reflects how the Company manages the debt instruments in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of debt instruments include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Debt instruments held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of debt instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Such debt instruments are classified in the "other" business model and measured at FVTPL.

Where the business model is to hold debt instruments to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the debt instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

2 Principal accounting policies (continued)

(h) Financial assets (continued)

Subsequent measurement (continued)

(i) Debt instruments (continued)

There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated as FVTPL, are measured at amortised cost. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method. Gains or losses arising on derecognition, foreign exchange gains and losses, and impairment losses or reversals thereon as described in Note 2 (m)(i) are also recognised in profit or loss.

FVOCI: Debt instruments that are held for collection of contractual cash flows or for sale, where the instruments' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amounts of such instruments are recognised through OCI, while the related interest income, foreign exchange gains and losses, and impairment losses or reversals thereon are recognised in profit or loss. Interest income from these debt instruments is recognised in profit or loss using the effective interest rate method. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

FVTPL: Debt instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Derivatives are also categorised as FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are subsequently measured at fair value. Where the Company's management has elected to present fair value gains and losses on equity securities in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or los when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss. Impairment losses on equity securities measured at FVOCI or reversals thereon are not reported separately from other changes in fair value. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. If the fair value of financial instruments that are not traded in an active market, the Company establishes fair values by using valuation techniques. These include the use of recent arm's length market transactions, references to valuations provided by custodians, prices quoted by independent financial information agencies or another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(i) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "net investment income".

(j) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Macau Patacas ("MOP"), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into MOP 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2 Principal accounting policies (continued)

(k) Subsidiary

Investment in a subsidiary is carried in the statement of financial position of the Company at cost less any provision for impairment (Note 2(m)). Dividends and distributions are recognised in profit or loss when they are proposed by the subsidiary. The details of the Company's subsidiary are set out in Note 24.

(l) Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Company. Investment properties are properties held by the Company to earn rental income. They are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(p)(iv).

If an investment property becomes owner-occupied, it is as an item of property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Company shall apply IAS 16 for owned property up to the date of change in use. The Company treats the difference at that date between the carrying amount of the property and its fair value as a revaluation gain or loss that is recognised in other income.

(m) Impairment

(i) Impairment of financial assets

The Company adopts a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".
- Financial instruments in Stage 1 have their expected credit losses ("ECL") measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- In measuring ECL, the Company considers forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company applies a simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

Financial assets are reviewed at each statement of financial position date to determine whether any impairment exists or is expected. If in a subsequent period the assessed amount of an impairment loss decreases, the impairment loss is reversed through profit or loss. The reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2 Principal accounting policies (continued)

(m) Impairment (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each statement of financial position date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment (other than properties carried at revalue amounts);
- Intangible assets;
- Deferred acquisition costs; and
- Investment in a subsidiary.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversal of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. The reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Accounts payable and accruals

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

(o) Taxation

Taxation expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or in equity. In such case, the tax is recognised in other comprehensive income or in equity within the corresponding item.

Deferred tax is provided using the liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 Principal accounting policies (continued)

(p) Revenue

Provided it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Premium income

The accounting policy in relation to revenue from insurance contracts is disclosed in Note 2(c).

(ii) Interest income and dividend income

Interest income from bank deposits and from dated debt securities intended to be held to maturity is recognised as it accrues using the effective interest method. Dividend income from listed investments is recognised when the share price goes ex-dividend and dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iii) Fees and commission income

Annual management charges, surrender charges and policy administration charges are recognised when the services are performed.

Commissions receivable from reinsurers are recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts. Other commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies. When it is probable that the Company will be required to render further services during the life of the policy, the commission, or a part thereof, is deferred and recognised as revenue over the year during which the services are provided. Profit commission for treaty reinsurance contracts are recognised as income when credit note is received from reinsurers.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(q) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) including upfront payment made for leasehold land and land use rights, are charged to profit or loss on a straight-line basis over the period of the lease.

(r) Employee benefits

(i) Salaries, annual bonuses, paid annual leaves, and the cost to the Company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Company.

(ii) Obligation for contributions to defined contribution pension plans are recognised as an expense as incurred. The Company has no legal or constructive obligations to pay further contributions if the related fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(s) Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (i.e. key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

(t) Dividends

Dividends to shareholders are recognised in the Company's financial statements in the period in which they are approved by the Company's shareholders.

(u) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as deduction from the proceeds, net of tax.

3 Critical accounting estimates and judgments in applying accounting policies

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent liabilities at the end of the reporting date as well as the reported income and expenses for the year. Although the estimates are based on management's best knowledge of current facts as at the end of the reporting date, the actual outcome may differ from these estimates.

Critical accounting judgements in selecting and applying the Company's accounting policies are described below:

Liabilities arising from claims made under insurance contracts
The Company's estimates for reported and unreported losses and the resulting provisions and related reinsurance recoverables are continually reviewed and updated, and adjustments resulting from this review are reflected in profit or loss. This process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events.

Determination of insurance contract liabilities
The insurance contract liabilities of the Company comprise claim liabilities and premium liabilities. Claim liabilities consist of reserves for claims notified and reserves for claims incurred but not reported ("IBNR") while premium liabilities consist of the reserve for unexpired risks, net of deferred acquisition costs and their values are carried in the statement of financial position as discussed in Note 2(c).

The Company determines the best estimate of the reserves for claims notified based on estimates of future payments required to settle the notified claims. These estimates are based on the facts available at the time the reserves are established. The reserve determination takes into consideration factors such as inflation, historical trends, historical patterns of claims payments, level of unpaid claims, changes in legislative and economic environment as well as claimants' attitude to settlement.

The Company determines the best estimate of the reserves for claims IBNR to recognise the estimated cost of claims for events which have already occurred but have not yet been notified. The reserves are set based on historical information and statistical models, using historical claim trends, claim severities, exposure growth and other relevant factors. A number of standard actuarial methods and techniques are used by an in-house actuary to estimate the amount of reserves.

A Provision for Adverse Deviation ("PAD") is recognised as an additional liability. The PAD is an amount which is calculated over and above best estimate claims liabilities on a net of reinsurance basis.

The estimates of claims and premium liabilities are sensitive to various factors and uncertainties. The establishment of these estimates is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of claim and premium liabilities can vary from the initial estimates.

Assets arising from reinsurance contracts
Reinsurance recoverable include balances due to the Company from reinsurance companies for paid and unpaid losses and loss expenses based on contracts in force, net of uncollectible reinsurance which is determined based upon a review of the financial condition of the reinsurers and other factors.

The recognition of reinsurance recoverable requires two key judgements. The first involves the estimation of gross loss from claims incurred but not reported ("IBNR") to be ceded to reinsurers. Ceded IBNR is developed as part of the loss reserving process and consequently, its estimation is subject to similar risks and uncertainties as the estimation for gross IBNR. The second judgement involves the estimation of the amount of the reinsurance balance that ultimately will not be recovered from reinsurers due to insolvency, contractual dispute, or other reasons.

Fair value of financial assets
In the normal course of business, the Company may invest in certain short to medium term investment grade bonds and investment funds. Such investments may be classified in the financial statements under the FVTPL and FVOCI categories. As these instruments are traded over-the-counter and there is no active secondary market for them, the management has assessed their fair values with reference to prices quoted by independent financial information agencies as well as valuations received from custodians.

For financial assets traded in active markets, the determination of fair value is based on quoted market prices, dealer price quotations or broker quotes from Bloomberg. The quoted market price used for financial assets held by the Company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid offer spread or significant increase in bid-offer spread or there are few recent transactions.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using inputs (for example LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the end of the reporting period.

3 Critical accounting estimates and judgments in applying accounting policies (continued)

Fair value of financial assets (continued)
The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies of the Company, and the related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are reviewed carefully and adjusted, if necessary, particularly in view of the current market developments.

Fair value hierarchy
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level	Descriptions
1	Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes equity securities and derivatives that are listed on exchanges.
2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts.
3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

	Level 1	*Level 2*	*Level 3*	*Total*
At 31 December 2024				
Financial assets at FVTPL equity securities and investment funds	102,007,786	90,884,337	-	192,892,123
Financial assets at FVOCI equity securities	657,845,732	-	5,000	657,850,732
Total assets measured at fair value	759,853,518	90,884,337	5,000	850,742,855
At 31 December 2023				
Financial assets at FVTPL equity securities and investment funds	75,760,454	135,268,716	-	211,029,170
Financial assets at FVOCI equity securities	653,481,296	-	5,000	653,486,296
Total assets measured at fair value	729,241,750	135,268,716	5,000	864,515,466

See Note 14 for disclosures on investment properties measured at fair value. All other financial assets and liabilities are stated at their carrying amounts which approximate fair value.

Measurement of the ECL allowance
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4(b)(ii).

4 Management of insurance and financial risk

(a) Regulatory framework

The operations of the Company are subject to Macau regulatory requirements. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to reduce the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

4 Management of insurance and financial risk (continued)

(b) Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance 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 operations. The most important components of this financial risk are interest rate risk, equity price risk, credit risk, liquidity risk and currency risk.

These risks include open positions in interest rate, equity and currency products, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk. The Company manages these positions within an asset liability management ("ALM") framework that has been developed to achieve long-term investment returns. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to policy claims.

The Company has established a policy on market risk which sets out the principles that businesses are expected to adopt in respect of management of the key market risks to which the Company is exposed. The Company monitors adherence to this market risk policy through an Investment Committee.

(i) Interest rate risk and equity price risk

Interest rate risk is the risk that the value / future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's investment activities are inherently exposed to interest rate risk, which arises principally from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of investments. The Company holds fixed interest bond securities that expose the Company to fair value interest rate risk. In dealing with this risk, the Company adopts an approach of focusing on achieving a desired overall interest rate profile and matching the duration of invested assets with the duration of liabilities, which may change over time, based on the Investment Committee's longer-term view of interest rates and economic conditions.

Assuming interest rates / yields increased by 100 basis points:

	2024	*2023*
Change in other comprehensive income net of tax	(73,012)	(425,928)

The Company is also subject to equity price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements.

Assuming equity / fund prices decreased by 500 basis points:

	2024	*2023*
Change in profit after tax	(4,488,342)	(3,333,460)
Change in other components of equity	(28,945,213)	(28,753,177)

(ii) Credit risk

Credit risk is present in financial assets held by the Company, particularly debt instruments as well as cash and cash equivalents, whose carrying amounts are net of any applicable provisions. The Company manages credit risk by setting net exposure limits for each counterparty or group of counterparties in relation to investments, cash deposits and use of derivatives. The Company's investment policy also sets out minimum credit ratings for investments to be held. Credit risk exposures are calculated regularly and compared with authorized credit limits before transactions are undertaken with each counterparty.

Credit risk on amounts due from fellow subsidiaries is limited, after considering the exposure amounts and periods, and the financial strength of the fellow subsidiaries.

Credit risk exposure in respect of all other counterparties is managed by setting standard business terms that are required to be met by all of them. The list of approved counterparties is subject to regular review.

4 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(ii) Credit risk (continued)

The following tables provide information regarding the aggregate credit risk exposure and credit rating of debt securities (mainly based on S&P rating) and bank balances at the end of the reporting period.

	Credit rating					
	AAA	*AA- to AA+*	*A- to A+*	*Below A-*	*Unrated*	*Total*
At 31 December 2024						
Debt securities	-	-	8,027,046	-	-	8,027,046
Time deposits	-	-	29,126,140	-	-	29,126,140
Pledged deposits	-	-	27,982,675	11,238,956	-	39,221,631
Cash and cash equivalents	-	110,779	4,830,900	2,717,154	770,533	8,429,366
	-	110,779	69,966,761	13,956,110	770,533	84,804,183
At 31 December 2023						
Debt securities	-	-	8,074,399	-	-	8,074,399
Time deposits	-	-	8,336,600	-	-	8,336,600
Pledged deposits	-	-	80,829,476	3,718,397	-	84,547,873
Cash and cash equivalents	-	115,124	3,571,722	13,165,428	563,094	17,415,368
	-	115,124	100,812,197	16,883,825	563,094	118,374,240

The carrying amount of the relevant asset classes in the statement of financial position represents the maximum amount of credit exposure.

The Company only uses reinsurers with a credit rating of A- or above while the credit profile of other financial assets are regularly monitored and managed on a holistic basis.

The Company has the following types of financial assets that are subject to the ECL model:

- Financial assets at FVOCI - debt instruments;
- Premium receivable (excluding amounts due from reinsures / insurers under reinsurance arrangement);
- Amounts due from reinsures / insurers under reinsurance arrangement;
- Other receivables (excluding prepayments); and
- Cash and bank balances

Premium receivables (excluding amounts due from reinsures / insurers under reinsurance arrangement)
The Company applies IFRS 9 - simplified approach to measuring ECL using a lifetime expected impairment allowance.

To measure the ECL, premium receivable has been grouped based on shared credit risk characteristics and the days past due.

The Company recognises lifetime ECLs and apply the provision matrix as a practical expedient to calculate ECLs under the simplified approach.

The expected loss rates are based on historical credit losses experiences. The impact of forward looking elements on macro-economic factors is also considered for expected loss rates.

On that basis, impairment allowances have been made as follows:

	Current	*Past due up to 90 days*	*Past due more than 90 days*	*Total*
At 31 December 2024				
Premium receivable from third parties (excluding related party)	56,447,331	7,356,529	3,181,695	66,985,555
Less: Impairment allowances	(145,811)	(37,055)	(2,370,302)	(2,553,168)
	56,301,520	7,319,474	811,393	64,432,387

4 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(ii) Credit risk (continued)

Premium receivables (excluding amounts due from reinsures / insurers under reinsurance arrangement) (continued)

	Current	*Past due up to 90 days*	*Past due more than 90 days*	*Total*
At 31 December 2023				
Premium receivable from third parties (excluding related party)	26,213,445	6,175,135	13,831,996	46,220,576
Less: Impairment allowances	(106,765)	(28,739)	(2,047,383)	(2,182,887)
	26,106,680	6,146,396	11,784,613	44,037,689

The impairment allowance for premium receivable is reconciled to the opening loss allowances as follows:

	2024	*2023*
Opening loss allowance as at 1 January	2,182,887	1,826,622
Increase in impairment allowance recognised	370,281	356,265
Closing impairment allowance at 31 December	2,553,168	2,182,887

Premium receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments.

Impairment loss on receivables including insurance receivables is presented within "impairment allowances" in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments

All of the Company's debt instruments at FVOCI are considered to have low credit risk, and the impairment allowance recognised during the period was therefore limited to 12 months expected losses. Management considers "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost

Other financial assets at amortised cost include amounts due from reinsures / insurers under reinsurance arrangement, other receivables (excluding prepayments) and cash and bank balances.

	Amounts due from reinsures / insurers under reinsurance arrangement	*Investments at amortised costs*	*Time deposits*	*Total*
Balance at 1 January 2023	907,579	29,746	60,513	997,838
(Decrease) / increase in impairment allowance recognised	(1,657)	972	20,902	20,217
Balance at 31 December 2023	905,922	30,718	81,415	1,018,055
Decrease in impairment allowance recognised	(903,338)	(21,132)	(74,414)	(998,884)
Balance at 31 December 2024	2,584	9,586	7,001	19,171

(iii) Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly arising from claims payments. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company manages this risk by monitoring daily and monthly projected and actual cash inflows and outflows by ensuring that a reasonable amount of financial assets is kept in liquid instruments at all times.

4 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(iii) Liquidity risk (continued)

The table below analyses the Company's assets and liabilities by maturity grouping based on the remaining period as at the end of the reporting period, to the contractual maturity date or, where applicable, the earliest callable date. The amounts disclosed in the table are undiscounted cash flows.

	On demand	*Less than 1 year*	*1 to 5 years*	*Total*
At 31 December 2024				
Assets				
Equity investments at FVTPL	192,892,123	-	-	192,892,123
Equity investments at FVOCI	657,850,732	-	-	657,850,732
Debt securities	-	8,027,046	-	8,027,046
Reinsurance contracts	166,457,462	102,448,210	13,293,653	282,199,325
Receivables including insurance receivables	47,661,194	18,922,791	401,570	66,985,555
Time deposits with original maturity greater than three months	-	29,126,140	-	29,126,140
Pledged deposits	-	39,221,631	-	39,221,631
Cash and cash equivalents	8,429,366	-	-	8,429,366
	1,073,290,877	197,745,818	13,695,223	1,284,731,918
Liabilities				
Insurance contracts liabilities	251,325,421	152,549,727	14,568,315	418,443,463
Amounts due to fellow subsidiaries	4,998,357	-	-	4,998,357
Amounts due to holding companies	12,263	-	-	12,263
Reinsurance contracts	45,834,380	-	-	45,834,380
Tax payable	-	13,155,015	-	13,155,015
Other payables	33,784,897	-	-	33,784,897
	335,955,318	165,704,742	14,568,315	516,228,375
At 31 December 2023				
Assets				
Equity investments at FVTPL	211,029,170	-	-	211,029,170
Equity investments at FVOCI	653,486,296	-	-	653,486,296
Debt securities	-	-	8,074,399	8,074,399
Reinsurance contracts	242,639,577	97,106,963	3,760,917	343,507,457
Receivables including insurance receivables	44,900,469	785,755	534,352	46,220,576
Time deposits with original maturity greater than three months	-	8,336,600	-	8,336,600
Pledged deposits	-	84,547,873	-	84,547,873
Cash and cash equivalents	17,415,368	-	-	17,415,368
	1,169,470,880	190,777,191	12,369,668	1,372,617,739
Liabilities				
Insurance contracts liabilities	321,135,297	135,722,834	4,960,290	461,818,421
Amounts due to a subsidiary	151	-	-	151
Amounts due to fellow subsidiaries	5,080,416	-	-	5,080,416
Amounts due to holding companies	506,068	-	-	506,068
Reinsurance contracts	37,379,398	-	-	37,379,398
Tax payable	-	1,930,891	-	1,930,891
Other payables	29,376,387	-	-	29,376,387
	393,477,717	137,653,725	4,960,290	536,091,732

4 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(iv) Currency risk

The Company issues insurance policies which are primarily denominated in MOP. The Company pursues a policy of broadly matching assets and liabilities, in both currency and duration.

The Company's exposures to foreign exchange risk arise mainly from assets denominated in currencies outside of the MOP/HKD/USD bloc which is linked by explicit or implicit pegs. The Company views its currency risk with respect to USD and HKD as not significant on the condition that the Linked Exchange Rate Systems maintained by the Hong Kong Monetary Authority and the Monetary Authority of Macao remain in place.

The table below summarises the Company's exposure to currency risk at the end of the reporting period. Included in the tables are the Company's assets and liabilities at carrying amounts in MOP equivalents, categorised by currency.

	MOP	*HKD*	*USD*	*Others*	*Total*
At 31 December 2024					
Assets					
Property, plant and equipment	630,897	-	-	-	630,897
Intangible assets	144,202	-	-	-	144,202
Investment properties	128,700,000	-	-	-	128,700,000
Investment in a subsidiary	47,928,000	-	-	-	47,928,000
Investments	5,000	30,817,187	738,177,991	89,760,137	858,760,315
Premium receivables	64,432,387	-	-	-	64,432,387
Reinsurers' share of insurance contracts provision	276,292,325	-	-	-	276,292,325
Deferred acquisition costs	25,333,147	-	-	-	25,333,147
Amount due from reinsurance companies	816,866	-	-	-	816,866
Sundry debtors	3,468,992	-	-	-	3,468,992
Cash and bank balances	11,261,098	5,504,731	59,400,660	603,647	76,770,136
	559,013,293	36,321,918	797,578,651	90,363,784	1,483,277,646
Liabilities					
Deferred tax liabilities	33,080,750	-	-	-	33,080,750
Deferred reinsurance commission income	13,988,506	-	-	-	13,988,506
Unearned premiums reserve	167,118,042	-	-	-	167,118,042
Accounts payable and accruals	33,784,897	-	-	-	33,784,897
Amounts due to fellow subsidiaries	4,998,357	-	-	-	4,998,357
Amounts due to holding companies	12,263	-	-	-	12,263
Amounts due to reinsurance companies	45,834,380	-	-	-	45,834,380
Outstanding claims	251,325,421	-	-	-	251,325,421
Tax payable	13,155,015	-	-	-	13,155,015
	563,297,631	-	-	-	563,297,631

4 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(iv) Currency risk (continued)

	MOP	*HKD*	*USD*	*Others*	*Total*
At 31 December 2023					
Assets					
Property, plant and equipment	830,100	-	-	-	830,100
Intangible assets	288,401	-	-	-	288,401
Investment properties	136,890,000	-	-	-	136,890,000
Investment in a subsidiary	47,928,000	-	-	-	47,928,000
Investments	5,000	31,134,822	752,667,064	88,752,261	872,559,147
Premium receivables	44,037,689	-	-	-	44,037,689
Reinsurers' share of insurance contracts provision	335,407,457	-	-	-	335,407,457
Deferred acquisition costs	20,777,911	-	-	-	20,777,911
Amount due from reinsurance companies	1,306,746	-	-	-	1,306,746
Sundry debtors	2,337,422	-	-	-	2,337,422
Cash and bank balances	14,039,835	3,664,649	91,721,181	792,761	110,218,426
	603,848,561	34,799,471	844,388,245	89,545,022	1,572,581,299
Liabilities					
Deferred tax liabilities	28,802,095	-	-	-	28,802,095
Deferred reinsurance commission income	9,908,249	-	-	-	9,908,249
Unearned premiums reserve	140,683,124	-	-	-	140,683,124
Unexpired risk reserve	1,000	-	-	-	1,000
Accounts payable and accruals	29,376,387	-	-	-	29,376,387
Amounts due to a subsidiary	151	-	-	-	151
Amounts due to fellow subsidiaries	5,080,416	-	-	-	5,080,416
Amounts due to holding companies	506,068	-	-	-	506,068
Amounts due to reinsurance companies	37,379,398	-	-	-	37,379,398
Outstanding claims	321,135,297	-	-	-	321,135,297
Tax payable	1,930,891	-	-	-	1,930,891
	574,803,076	-	-	-	574,803,076

(c) Capital management

The Company's objectives when managing capital are:

- To comply with capital requirements set by regulators;
- To safeguard the Company's ability to continue its business as a going concern;
- To maximise returns to shareholders and optimise the benefits to other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The local regulator specifies the minimum amount and type of capital that must be held by local insurers relative to their insurance liabilities. The minimum required capital must be maintained at all times. The Company has embedded in its asset ALM framework the necessary tests to ensure continuous and full compliance with such regulations.

4 Management of insurance and financial risk (continued)

(d) Insurance risk

The risk under an insurance contract is the possibility of the occurrence of an insured event, and the uncertainty of the amount and timing of the resulting claim. The principal risk the Company faces under such contracts is that the actual claims exceed the carrying amount of insurance liabilities. This could occur due to any of the followings:

Frequency risk	the possibility that the number of insured events will differ from those expected
Severity risk	the possibility that the cost of the events will differ from those expected
Development risk	the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period

The variability of risks is reduced by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also reduced by careful selection and implementation of underwriting strategy and guidelines.

Frequency and severity of claims

The frequency and severity of claims can be affected by various factors such as increasing level of awards for bodily injuries arising from casualty insurance contracts, increase in the number of inactive or latent factors for a long period of time cases, and inflation.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The Company's underwriting strategy attempts to ensure that the risks underwritten are diversified in terms of the type and the amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right to decline renewal of individual policies, to impose deductibles and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs.

The Company's reinsurance arrangements include both facultative and treaty protection, with the latter being arranged on surplus, quota share and excess of loss basis. An excess of loss per risk and event programme is in place for certain risks.

Insurance risk in terms of the net claims reserves (including IBNR):

	Employees' compensation	*Motor vehicle damage and liability*	*Property damage*	*Other types of risk*	*Total*
At 31 December 2023	29,713,715	42,325,811	2,410,863	4,045,331	78,495,720
At 31 December 2024	38,820,834	41,685,147	1,395,238	2,966,740	84,867,959

Sources of uncertainty in the estimation of future claims payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a significant element of the same claims provision relates to IBNR.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for reported claims not yet paid, a provision for IBNR and a provision for unexpired risks at the end of the reporting period.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjusters and lawyers and information on the cost of settling claims with similar characteristics in previous periods. There are several sources of uncertainty that need to be considered in the estimates of the liability that the Company will ultimately pay for such claims.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available.

5 Gross premium written

Gross premium written are stated before reinsurance and net of discounts granted to policyholders.

6 Net investment income

	2024	*2023*
Interest income	4,371,446	9,490,935
Amortisation of interest on financial assets measured at amortised costs	7,825	12,916
Dividend income	18,798,852	19,304,607
Unrealised loss on revaluation of financial assets at FVTPL	(1,616,857)	(5,361,766)
Realised loss on disposal of financial assets at FVTPL	(661,247)	(295,205)
Realised loss on disposal of derivative financial instruments	(5,412,719)	(867,778)
Exchange (loss) / gain	(1,339,003)	5,484,240
	14,148,297	27,767,949

7 Other income

	2024	*2023*
Rental income	4,046,525	4,075,440
Management service fee income	5,040,000	4,800,000
Fair value loss on revaluation of investment properties	(8,190,000)	(3,800,000)
Others	177,274	300,415
	1,073,799	5,375,855

8 Net insurance claims and loss adjustment expenses

	2024	*2023*
Gross		
Gross claims paid	87,278,850	70,446,227
Change in gross outstanding claims	(69,705,323)	(16,332,794)
	17,573,527	54,113,433
Reinsurance		
Reinsurance claims recovery	(51,703,054)	(33,696,968)
Change in outstanding claims recoverable from reinsurers	73,989,115	5,605,466
	22,286,061	(28,091,502)
Net insurance claims and loss adjustment expenses	39,859,588	26,021,931

9 Expense for acquisition of insurance and reinsurance contracts

	2024	*2023*
Gross		
Insurance commissions	32,105,717	24,506,659
Change in deferred acquisition costs	(3,059,614)	(510,965)
Expense for acquisition of insurance contracts	29,046,103	23,995,694
Recoverable from reinsurers		
Reinsurance commissions	33,893,961	23,104,487
Change in reinsurance commission income	(4,080,257)	191,971
Reinsurance commission income	29,813,704	23,296,458
Insurance commission, net	(767,601)	699,236

10 Administrative expenses

	2024	*2023*
Employee benefit expenses		
Wages and salaries	21,056,462	20,423,264
Pension costs - defined contribution plan	1,359,599	710,450
Other staff related expenses	5,878,688	4,771,506
	28,294,749	25,905,220
Directors' emoluments	6,823,507	6,427,875
Rental, repairs and utilities	3,104,438	3,083,052
Acquisition costs	8,145,932	4,473,015
Auditor's remuneration	276,000	257,801
Professional fees and support charges	6,167,274	4,087,785
Other expenses	3,944,105	4,287,799
	56,756,005	48,522,547

11 Taxation

(a) Income tax expense

Income tax expense comprises Macau Complementary Tax. Macau Complementary Tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate at 12%.

For the years 2024 and 2023, a special tax incentive is provided to the effect that the tax free income threshold is increased from MOP32,000 to MOP600,000 and the profit thereafter being taxed at a fixed rate of 12%.

At the time when the financial statements were prepared, the amounts of taxation on the Company's profits before tax differ from the theoretical amounts that would arise using the Macau Complementary Tax rate applicable to profits of the Company as follows:

	2024	*2023*
Profit before taxation	18,611,932	37,356,289
Tax calculated at 12%	2,233,432	4,482,755
Effect of progressive tax rate before 12%	(17,260)	(17,260)
Special tax incentive	(54,740)	(54,740)
Effect of income not subject to tax	(736,597)	(489,053)
Effect of expenses not deductible for tax purposes	52,187	51,959
Income tax expense on profit or loss items	1,477,022	3,973,661
Tax effect of change in fair value of investments at FVOCI	16,283,527	14,029,298
Income tax expense on total comprehensive income	17,760,549	18,002,959
Representing		
Current tax expense	13,481,894	2,133,380
Deferred tax expense	4,278,655	15,869,579
	17,760,549	18,002,959

11 Taxation (continued)

(b) Deferred tax

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 relate to the same fiscal authority. The offset amounts are as follows:

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2024	*2023*
Deferred tax liabilities		
- to be settled after more than 12 months	(33,080,750)	(28,802,095)

	Fair value change on investments at FVOCI	*Fair value change on investment properties*	*Total*
Balance at 1 January 2023	392,505	(13,325,021)	(12,932,516)
Tax relating to profit or loss	-	456,000	456,000
Tax relating to components of other comprehensive income	(13,021,532)	-	(13,021,532)
Tax applied directly to equity	(3,304,047)	-	(3,304,047)
Balance at 31 December 2023	(15,933,074)	(12,869,021)	(28,802,095)
Tax relating to profit or loss	-	982,800	982,800
Tax relating to components of other comprehensive income	(12,642,348)	-	(12,642,348)
Tax applied directly to equity	7,380,893	-	7,380,893
Balance at 31 December 2024	(21,194,529)	(11,886,221)	(33,080,750)

(c) Tax payable

	2024	*2023*
At 1 January	1,930,891	8,178,793
Payment made	(2,257,770)	(8,381,282)
Over-provision in prior years	(326,879)	(202,489)
Provision for current taxation for the year	13,481,894	2,133,380
At 31 December	13,155,015	1,930,891

12 Property, plant and equipment

	Computer equipment	*Motor vehicles*	*Furniture and equipment*	*Leasehold improvement*	*Total*
Cost					
At 1 January 2023	6,105,424	512,612	4,732,129	6,572,082	17,922,247
Additions	202,020	-	19,499	-	221,519
At 31 December 2023	6,307,444	512,612	4,751,628	6,572,082	18,143,766
Additions	17,560	-	95,741	-	113,301
Disposals	(132,870)	-	-	-	(132,870)
At 31 December 2024	6,192,134	512,612	4,847,369	6,572,082	18,124,197
Accumulated depreciation					
At 1 January 2023	5,437,680	512,612	4,434,281	6,541,452	16,926,025
Depreciation charge	254,345	-	124,544	8,752	387,641
At 31 December 2023	5,692,025	512,612	4,558,825	6,550,204	17,313,666
Depreciation charge	220,479	-	83,273	8,752	312,504
Disposals	(132,870)	-	-	-	(132,870)
At 31 December 2024	5,779,634	512,612	4,642,098	6,558,956	17,493,300
Net book value:					
At 31 December 2023	615,419	-	192,803	21,878	830,100
At 31 December 2024	412,500	-	205,271	13,126	630,897

13 Intangible assets

	Computer software	
	2024	*2023*
Cost		
At 1 January	9,367,923	8,935,323
Acquisitions	-	432,600
At 31 December	9,367,923	9,367,923
Accumulated amortisation		
At 1 January	9,079,522	8,681,355
Amortisation charge	144,199	398,167
At 31 December	9,223,721	9,079,522
Net book value at 31 December	144,202	288,401

14 Investment properties

	2024	*2023*
At 1 January	136,890,000	140,690,000
Fair value loss on revaluation	(8,190,000)	(3,800,000)
At 31 December	128,700,000	136,890,000

Investment properties comprise a number of properties that are held to earn rentals or for capital appreciation or both. No contingent rents are charged. Information on operating leases related to these investment properties is included in Note 25(b).

All these properties are held in Macau under medium-term leases (between 10 and 50 years) on the respective land. The investment properties were revalued at 31 December 2024 and 2023 by an independent, professionally qualified valuer Savills (Macau) Limited by adopting an income capitalisation approach and with reference to recent transactions for similar premises as far as practicable.

The basis of the valuation of property was market value which is consistent with the definition of fair value under MFRS 13 "Fair Value Measurement" and takes into account the highest and best use of the property from the perspective of market participants.

Investment properties are measured at fair value using valuation techniques with significant unobservable inputs which are classified as Level 3 under the fair value hierarchy as defined in MFRS 13, "Fair Value Measurement".

For investment properties of which the fair value is determined using the income capitalisation approach, the assessment is conducted on the basis of capitalisation of net incomes with due allowance for outgoings and reversionary income potential. The fair value measurement is positively correlated to market rentals and inversely correlated to market yields. One of the key inputs used in valuing the investment properties was unit rent, with the observed range summarized below.

Description	*Valuation technique(s)*	*Unobservable input(s)*	*Range 2024*	*Range 2023*
Investment properties	Income capitalisation approach	Market yields (reversionary yield)	3.00%	3.10%
		Market rental	MOP23.7 to MOP24.9 per square foot	MOP26.1 to MOP27.5 per square foot

15 Investments

	FVTPL	*FVOCI*	*Amortised cost*	*Total*
At 31 December 2024				
Equities securities and investment funds				
Listed	102,007,786	657,845,732	-	759,853,518
Unlisted	90,884,337	5,000	-	90,889,337
Debt securities (unlisted)	-	-	8,027,046	8,027,046
Less: Impairment allowances	-	-	(9,586)	(9,586)
	192,892,123	657,850,732	8,017,460	858,760,315
At 31 December 2023				
Equities securities and investment funds				
Listed	75,760,454	653,481,296	-	729,241,750
Unlisted	135,268,716	5,000	-	135,273,716
Debt securities (unlisted)	-	-	8,074,399	8,074,399
Less: Impairment allowances	-	-	(30,718)	(30,718)
	211,029,170	653,486,296	8,043,681	872,559,147

Financial assets at FVTPL comprise the following:

- investment funds that do not qualify for measurement at either amortised cost or FVOCI;
- equity investments that are held for trading; and
- equity investments for which the Company has not elected to recognise fair value gains and losses through OCI.

Financial assets at FVOCI comprise equity securities which are not held for trading and debt securities where the contractual cash flows are solely principal and interest.

Certain investments in equity instruments measured at FVOCI have been derecognised during 2024 due to strategic and risk management considerations and settlement of dividend payable to shareholders. The fair value of the investments at the date of derecognition was MOP486,859,931 (2023: MOP305,541,434) and its cumulative gain on disposal was MOP80,828,529 (2023: loss of MOP16,839,399).

16 Derivatives

During the year 2024 and 2023, the Company has used futures contracts to hedge investment risks. The balance of notional principal was zero at the end of the year as such futures contracts have been closed out.

17 Premium receivables

As at 31 December 2024 and 2023, the ageing analysis of the premium receivables based on due date were as follows:

	2024	*2023*
Current	56,447,331	26,213,445
Past due up to 90 days	7,356,529	6,175,135
Past due more than 90 days	3,181,695	13,831,996
	66,985,555	46,220,576
Less: Impairment allowances	(2,553,168)	(2,182,887)
	64,432,387	44,037,689
Movement in impairment allowances		
Balance at 1 January	2,182,887	1,826,622
Impairment losses charged	370,281	356,265
Balance at 31 December	2,553,168	2,182,887

18 Deferred costs and income

	2024	*2023*
Deferred acquisition costs		
At 1 January	20,777,911	20,129,032
Change during the year	4,555,236	648,879
At 31 December	25,333,147	20,777,911
Deferred reinsurance commission income		
At 1 January	9,908,249	10,100,219
Change during the year	4,080,257	(191,970)
At 31 December	13,988,506	9,908,249
Net deferred acquisition costs	11,344,641	10,869,662

19 Cash and bank balances

	2024	*2023*
Cash at bank and on hand	8,429,366	17,415,368
Cash and cash equivalents	8,429,366	17,415,368
Deposits with original maturity greater than three months	29,126,140	8,336,600
Pledged deposits	39,221,631	84,547,873
Cash and bank balances, gross	76,777,137	110,299,841
Less: Impairment allowances	(7,001)	(81,415)
	76,770,136	110,218,426

20 Pledge of assets

Various assets under different statement of financial position captions have been or are designated to be pledged in favour of the Monetary Authority of Macau ("AMCM") to guarantee the technical reserve (insurance contract provisions) of the Company. Certain bank balances have been pledged to a fellow subsidiary for the issuance of bank guarantees.

	2024	*2023*
Assets pledged to AMCM		
Investment properties	124,400,000	132,360,000
Investments	328,077,865	271,807,289
Cash and bank balances	39,046,263	84,540,302
	491,524,128	488,707,591
Assets pledged to a fellow subsidiary		
Cash and bank balances	-	7,571
Total	491,524,128	488,715,162

21 Insurance contract provisions

(a) Composition of insurance contract provisions

	Gross	*Reinsurance*	*Net*
At 31 December 2024			
Reported claims	242,349,421	164,826,462	77,522,959
Claims incurred but not reported	8,976,000	1,631,000	7,345,000
Outstanding claims	251,325,421	166,457,462	84,867,959
Unexpired risk reserve	-	(5,907,000)	5,907,000
Unearned premium reserve	167,118,042	115,741,863	51,376,179
	418,443,463	276,292,325	142,151,138
At 31 December 2023			
Reported claims	313,380,297	239,874,577	73,505,720
Claims incurred but not reported	7,755,000	2,765,000	4,990,000
Outstanding claims	321,135,297	242,639,577	78,495,720
Unexpired risk reserve	1,000	(8,100,000)	8,101,000
Unearned premium reserve	140,683,124	100,867,880	39,815,244
	461,819,421	335,407,457	126,411,964

(b) Analysis of movements in insurance contract provisions

	Gross	*Reinsurance*	*Net*
Reported claims			
At 1 January 2023	331,787,194	247,916,043	83,871,151
Increase / (decrease) in liabilities			
arising from current year claims	142,572,253	84,921,409	57,650,844
arising from prior year claims	(90,532,923)	(59,265,907)	(31,267,016)
Claims paid during the year	(70,446,227)	(33,696,968)	(36,749,259)
At 31 December 2023	313,380,297	239,874,577	73,505,720
Increase / (decrease) in liabilities			
arising from current year claims	149,012,124	78,772,292	70,239,832
arising from prior year claims	(132,764,150)	(102,117,353)	(30,646,797)
Claims paid during the year	(87,278,850)	(51,703,054)	(35,575,796)
At 31 December 2024	242,349,421	164,826,462	77,522,959
Claims incurred but not reported			
At 1 January 2023	5,645,000	993,000	4,652,000
Change during the year	2,110,000	1,772,000	338,000
At 31 December 2023	7,755,000	2,765,000	4,990,000
Change during the year	1,221,000	(1,134,000)	2,355,000
At 31 December 2024	8,976,000	1,631,000	7,345,000
Unexpired risk reserve			
At 1 January 2023	-	(8,764,000)	8,764,000
Change during the year	1,000	664,000	(663,000)
At 31 December 2023	1,000	(8,100,000)	8,101,000
Change during the year	(1,000)	2,193,000	(2,194,000)
At 31 December 2024	-	(5,907,000)	5,907,000
Unearned premium reserve			
At 1 January 2023	144,061,430	105,039,084	39,022,346
Change during the year	(3,378,306)	(4,171,204)	792,898
At 31 December 2023	140,683,124	100,867,880	39,815,244
Change during the year	26,434,918	14,873,983	11,560,935
At 31 December 2024	167,118,042	115,741,863	51,376,179

21 Insurance contract provisions (continued)

(c) Assumptions, change in assumptions and sensitivity

Process used to decide on assumption

The insurance contract liabilities of the Company comprise claim liabilities and premium liabilities. Claim liabilities consist of reserves for claims notified and reserves for outstanding claims incurred but not reported ("IBNR") while premium liabilities consist of the reserve for unexpired risks, net of deferred acquisition costs and their values are carried in the statement of financial position as disclosed in Note 3.

Change in assumptions and sensitivity analysis

The estimates of claim and premium liabilities are sensitive to various factors and uncertainties.

The principal assumption underlying the estimates is the Company's past claims development experience, including assumptions in respect of average claims costs, claims handling costs, claims inflation factors, diversification factors in risk margin and claims numbers for each year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation may affect the estimates.

Sensitivity analysis and claims development table

The changes in the average claims cost and in the average number of claims are the most prominent reasons for any change in liabilities arising from insurance contracts. The sensitivity of certain assumptions, for instance the impact of legislative change, is not possible to quantify.

The table below demonstrates the effect of a change in key assumptions whilst other assumptions remain unchanged. However, the correlation of assumptions will have a significant effect in determining the ultimate claims liabilities.

	Change in assumptions	*Increase in gross insurance contract liabilities*	*Increase in net insurance contract liabilities*	*Decrease in profit before tax*	*Reduction of shareholders' equity*
Change of total claims cost					
At 31 December 2024	+10%	25,132,542	8,486,796	8,486,796	7,468,380
At 31 December 2023	+10%	32,113,530	7,849,572	7,849,572	6,907,623

21 Insurance contract provisions (continued)

(c) Assumptions, change in assumptions and sensitivity (continued)

Sensitivity analysis and claims development table (continued)

	Accident year					
	2020 or prior	*2021*	*2022*	*2023*	*2024*	*Total*
As at 31 December 2024						
Gross insurance claims (including IBNR)						
At the end of the reporting year	2,296,506,301	69,945,537	37,690,810	45,338,634	145,845,057	2,595,326,339
One year later	2,251,125,450	82,900,562	46,402,155	52,949,870		
Two years later	2,243,482,411	89,660,294	39,086,179			
Three years later	2,236,795,843	82,480,378				
Four years later	2,210,357,680					
Current estimate of cumulative claims	2,210,357,680	82,480,378	39,086,179	52,949,870	145,845,057	2,530,719,164
Cumulative payments to date	(2,127,674,164)	(79,167,456)	(30,375,671)	(27,791,363)	(14,385,089)	(2,279,393,743)
Outstanding claims	82,683,516	3,312,922	8,710,508	25,158,507	131,459,968	251,325,421
Net insurance claims (including IBNR)						
At the end of the reporting year	845,334,272	42,135,076	32,829,962	31,819,917	69,798,515	1,021,917,742
One year later	835,617,498	42,309,950	34,417,578	33,992,374		
Two years later	828,694,631	41,059,547	32,756,253			
Three years later	822,569,141	37,761,489				
Four years later	820,469,853					
Current estimate of cumulative claims	820,469,853	37,761,489	32,756,253	33,992,374	69,798,515	994,778,484
Cumulative payments to date	(816,630,676)	(34,748,729)	(25,432,096)	(19,966,079)	(13,132,945)	(909,910,525)
Outstanding claims	3,839,177	3,012,760	7,324,157	14,026,295	56,665,570	84,867,959

	Accident year					
	2019 or prior	*2020*	*2021*	*2022*	*2023*	*Total*
As at 31 December 2023						
Gross insurance claims (including IBNR)						
At the end of the reporting year	2,093,593,929	179,017,225	69,945,537	37,690,810	140,375,213	2,520,622,714
One year later	2,117,489,076	180,651,834	82,900,562	46,387,632		
Two years later	2,070,473,616	178,491,677	89,660,294			
Three years later	2,064,990,735	176,672,936				
Four years later	2,060,122,907					
Current estimate of cumulative claims	2,060,122,907	176,672,936	89,660,294	46,387,632	140,375,213	2,513,218,982
Cumulative payments to date	(1,929,443,423)	(155,586,857)	(73,496,861)	(22,537,146)	(11,019,398)	(2,192,083,685)
Outstanding claims	130,679,484	21,086,079	16,163,433	23,850,486	129,355,815	321,135,297
Net insurance claims (including IBNR)						
At the end of the reporting year	807,221,674	49,533,267	42,135,076	32,829,962	54,767,497	986,487,476
One year later	795,801,006	54,032,699	42,309,950	34,403,055		
Two years later	781,584,799	52,518,449	41,059,547			
Three years later	776,176,182	50,937,580				
Four years later	771,631,561					
Current estimate of cumulative claims	771,631,561	50,937,580	41,059,547	34,403,055	54,767,497	952,799,240
Cumulative payments to date	(764,804,741)	(47,861,267)	(32,760,741)	(18,839,379)	(10,037,392)	(874,303,520)
Outstanding claims	6,826,820	3,076,313	8,298,806	15,563,676	44,730,105	78,495,720

22 Share capital

	Number of shares	*Share capital*
Authorised, issued and fully paid:		
At 1 January, 31 December 2023 and 2024	220,000	220,000,000

The total authorised number of shares is 220,000 shares (2023: 220,000 shares) with a par value of MOP1,000 per share (2023: MOP1,000 per share).

23 Reserves

	2024	*2023*
Legal reserves	28,190,449	24,852,186
Asset revaluation reserves	155,426,573	116,842,563
Retained earnings	516,362,993	636,083,474
	699,980,015	777,778,223

Pursuant to Article 84 of the Macau Insurance Ordinance, the Company is required to set up a legal reserve, which is non-distributable, and make transfers to the reserve based on the following percentages of any net profit computed for each financial year:

(i) 20%, until the total of such a reserve equals one half of the minimum share capital fixed under Article 17 paragraph 1 of the Macau Insurance Ordinance; and then

(ii) 10%, until the total of such a reserve equals such minimum share capital.

Following approval by shareholders of a dividend in respect of a financial year, any undistributed profits to be retained in the Company are transferred to retained earnings.

In accordance with the Macau Insurance Ordinance, a minimum of MOP1,713,491 in respect of the net comprehensive income for the year 2024, subject to approval by shareholders, shall be transferred to the legal reserve.

24 Interest in a subsidiary

	Country of incorporation	*Registered capital (MOP)*	*Ownership interest*
Macau Pension Fund Management Company Limited ("MPFM")	Macau		
At 1 January, 31 December 2023 and 2024		60,000,000	99.85%

MPFM is a pension fund management company incorporated on 5 April 2017 under the Laws of Macau. Following its participation in MPFM's increase of share capital in 2021 through cash contribution and conversion of retained earnings, the Company's interest in equity securities of MPFM comprised 59,910 shares with a face value of MOP1,000 each (total face amount of MOP59,910,000), which is classified as investment in a subsidiary carried at the cost of MOP47,928,000. The remaining 90 shares with a face amount of MOP90,000 representing 0.15% ownership interest in MPFM are held by subsidiaries of Dah Sing Financial Holdings Limited.

Key financial information of MPFM is set out below:

	2024	*2023*
For the year ended 31 December		
Total income	27,345,758	24,908,465
Operating expenses	(16,591,652)	(15,467,737)
Profit before taxation	10,754,106	9,440,728
Income tax expense	(1,218,676)	(1,061,042)
Profit after taxation	9,535,430	8,379,686
As at 31 December		
Total assets	113,653,294	107,411,864
Total liabilities	(23,823,163)	(25,022,241)
Shareholders' equity	89,830,131	82,389,623
Pension assets under management on behalf of clients	3,405,354,576	3,070,613,106

25 Operating lease commitments

(a) As lessee

The Company leases offices and a warehouse under non-cancellable operating lease agreements. The lease terms are between 6 months and 3 years.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2024	*2023*
Within one year	2,655,409	2,768,640
After one year but within five years	-	2,655,409
	2,655,409	5,424,049

(b) As lessor

The Company leases out its investment properties (Note 14) under operating leases. Future minimum lease payments under non-cancellable operating leases rentals are as follows:

	2024	*2023*
Within one year	3,800,670	2,965,815
After one year but within five years	4,374,719	4,231,725
	8,175,389	7,197,540

26 Related parties

The Company is controlled by DSMI Group Limited (incorporated in British Virgin Islands), who owns 78% of the Company's shares. The directors of the Company consider Dah Sing Financial Holdings Limited (incorporated in Hong Kong) to be the ultimate holding company.

Dah Sing Financial Holdings Limited and its group companies, which include Dah Sing Banking Group Limited and its subsidiaries, are considered as related parties of the Company. Significant transactions, balances and off-balance sheet items involving related parties in the normal course of the Company's business are set out below:

(a) Transactions with related parties

	2024	*2023*
Transactions with a subsidiary		
Insurance premiums received / receivable	6,514	22,545
Management service fees received / receivable	5,040,000	4,800,000
Pension fund subscription fees paid / payable	(55,021)	(52,762)
Transactions with fellow subsidiaries		
Interest income received / receivable	142,030	171,625
Insurance premiums received / receivable	4,798,117	3,878,872
Reinsurance commission received / receivable	996,282	628,764
Reinsurance claim received / receivable	60,490	61,761
Co-branding commissions received / receivable	56,108	67,056
Reinsurance premium paid / payable	(5,194,486)	(3,461,281)
Insurance commissions paid / payable	(7,205,138)	(6,709,376)
Support service charges paid / payable	(6,692,231)	(4,513,685)
Rental expenses paid / payable	(2,558,520)	(2,558,520)
Insurance claims (paid / payable) / recovered / recoverable	(138,448)	19,927

(b) Balances with related parties

	2024	*2023*
Amounts due to a holding company	(12,263)	(506,068)
Amounts due from / (to) a subsidiary	379	(151)
Deposits placed with a fellow subsidiary	13,825,113	16,286,099
Amounts due to fellow subsidiaries	(4,998,357)	(5,080,416)

26 Related parties (continued)

(c) Off-balance sheet items

	2024	*2023*
Assets held by a subsidiary for retirement benefit plan of the Company	23,111,302	19,977,795
Bank guarantees obtained from and deposits pledged to a fellow subsidiary	-	7,571

(d) Key management compensation

Total remuneration for directors of the Company who are considered key management personnel are as follows:

	2024	*2023*
Salaries and other short-term benefits	6,463,842	6,070,755
Post-employment benefits	359,665	357,120
	6,823,507	6,427,875

27 Supplementary information by compulsory lines of insurance

	Motor Vehicles (third party risks)	*Motor Vehicles (own damage)*	*Employees' Compensation*	*Public Liability Insurance in Relation to the Fixing of Propaganda & Public Material*	*Third Party Liability Insurance for Pleasure Boats*	*Professional Liability Insurance for Travel Agencies*	*Compulsory Professional Liability Insurance for Lawyers*	*Compulsory Professional Liability Insurance for Healthcare Providers*	*Other Classes*	*Total*
Gross premiums written										
Direct insurance	32,471,764	486,920	38,983,368	181,735	-	58,100	-	454,839	235,087,526	307,724,252
Reinsurance accepted	1,872,914	-	16,584,293	-	-	-	-	-	13,252,324	31,709,531
	34,344,678	486,920	55,567,661	181,735	-	58,100	-	454,839	248,339,850	339,433,783
Gross premiums earned										
Direct insurance	31,758,252	377,831	35,934,015	179,490	-	51,779	-	446,631	221,540,505	290,288,503
Reinsurance accepted	1,653,050	-	9,937,634	-	-	-	-	-	11,119,678	22,710,362
	33,411,302	377,831	45,871,649	179,490	-	51,779	-	446,631	232,660,183	312,998,865
Commission incurred										
Direct insurance	4,298,389	74,454	6,129,900	12,404	-	5,110	-	27,369	16,358,855	26,906,481
Profit commission & overriding commission	-	-	-	-	-	-	-	-	-	-
Reinsurance accepted	78,235	-	2,322,771	-	-	-	-	-	2,798,230	5,199,236
	4,376,624	74,454	8,452,671	12,404	-	5,110	-	27,369	19,157,085	32,105,717
Change in deferred acquisition cost										
Direct insurance	(158,105)	(14,911)	(296,302)	(220)	-	(634)	-	(1,396)	(1,032,980)	(1,504,548)
Reinsurance accepted	13	-	(1,014,624)	-	-	-	-	-	(540,455)	(1,555,066)
	4,218,532	59,543	7,141,745	12,184	-	4,476	-	25,973	17,583,650	29,046,103
Gross claims paid										
Direct insurance	15,648,648	-	7,375,866	-	-	-	-	-	56,632,605	79,657,119
Reinsurance accepted	2,955,185	-	3,219,494	-	-	-	-	-	1,447,052	7,621,731
	18,603,833	-	10,595,360	-	-	-	-	-	58,079,657	87,278,850
Gross outstanding claims										
Direct insurance	27,567,083	-	20,028,582	-	-	-	-	-	93,098,675	140,694,340
Reinsurance accepted	4,319,262	-	7,837,551	-	-	-	-	-	1,670,268	13,827,081
Provision for IBNER claims (incurred but not enough reserved)	11,516,000	-	14,159,000	-	-	-	-	-	71,129,000	96,804,000
	43,402,345	-	42,025,133	-	-	-	-	-	165,897,943	251,325,421