Registration No. 198201014849 (94613-X)

HONG LEONG ASSURANCE BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

HONG LEONG ASSURANCE BERHAD
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DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The Company is engaged principally in the underwriting of life insurance business, including investment-linked and annuity businesses. There have been no significant changes in the nature of the principal activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	371,768

DIVIDENDS

Since the last financial year ended 30 June 2024, a final single-tier dividend of 20 sen per share amounting to RM40.0 million in respect of the financial year ended 30 June 2024, was paid on 8 November 2024.

As at the date of the financial statements, the Directors have not recommended any final dividend to be paid for the financial year under review.

SHARE CAPITAL

There were no changes in the issued and paid-up share capital of the Company during the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

PROVISION FOR INSURANCE LIABILITIES

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its insurance liabilities in accordance with the principles outlined under MFRS 17 standards.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that the values of current assets, other than debts unlikely to be collected in the ordinary course of business, have been written down to amounts which they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen that would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Company that has arisen since the end of the financial year to secure the liabilities of any other person; and
(b) any contingent liability of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

For the purpose of the above paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year under review.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

There were no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

YBhg Tan Sri Quek Leng Chan
(Chairman, Non-Independent Non-Executive Director)
Mr Tan Kong Khoon
(Non-Independent Executive Director)
Mr Sim Hong Kee
(Independent Non-Executive Director)
Ms Koid Swee Lian
(Independent Non-Executive Director)
YBhg Dato' Ng Wan Peng
(Independent Non-Executive Director)
Mr Mitsuru Yasuda
(Non-Independent Non-Executive Director)
YBhg Datuk Kamarudin Bin Hashim
(Independent Non-Executive Director)
(Appointed with effect from 16 July 2025)
Ms Shalet Marian
(Independent Non-Executive Director)
(Retired with effect from 15 June 2025)

Directors' remuneration

The remuneration in aggregate for Directors of the Company for the financial year is as follows:

<u>Directors of the Company</u>

	RM'000
• Directors' fees	626
• Directors' other emoluments	133

There was no amount paid to or receivable by any third party for services provided by Directors of the Company.

During the financial year, Directors and Officers of the Company are covered under the Directors’ & Officers’ Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Company subject to the terms of the policy. The total amount of Directors' & Officers’ Liability Insurance effected for the Directors & Officers of the Hong Leong Financial Group Berhad ("HLFG") Group was RM10 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the HLFG Group was RM85,500 (2024: RM85,500) and the apportioned amount of the said premium paid by the Company was RM8,175 (2024: RM5,937).

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

Directors' remuneration (cont'd)

Details of Directors' remuneration are set out in Note 18(b) to the financial statements.

CORPORATE GOVERNANCE

Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders.

The Board of Directors ("Board") also reviewed the manner in which the Bank Negara Malaysia ("BNM") policy document on Corporate Governance ("BNM CG Policy") is applied in the Company, where applicable, as set out below.

A. Board

I Roles and Responsibilities of the Board

The Board assumes responsibility for effective stewardship and control of the Company and has established Terms of Reference ("TOR") to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which was reviewed periodically by the Board. The Board Charter is published on the Company's website. The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Company's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure and such other responsibilities that are required as specified in the guidelines and circulars issued by BNM from time to time.

The day-to-day business of the Company is managed by the Group Managing Director/Chief Executive Officer ("GMD/CEO") who is assisted by the management team. The GMD/CEO and her management team are accountable to the Board for the performance of the Company. In addition, the Board has established Board Committees which operate within clearly defined TORs primarily to support the Board in the execution of its duties and responsibilities.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

I Roles and Responsibilities of the Board (cont'd)

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions and internal controls to the Group Board Audit Committee ("GBAC") under HLA Holdings Sdn Bhd ("HLAH"); and risk management to the Group Board Risk Management Committee ("GBRMC") under HLAH. The Nomination and Remuneration Committee ("NRC") is delegated the authority to, inter alia, assess and review the Board, Board Committees and GMD/CEO appointments and re-appointments and oversee management succession planning. Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The chairmen of Board Committees report to the Board on matters dealt with at their respective Board Committees meetings. Minutes of Board Committees meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the GMD/CEO. This division of responsibilities between the Chairman and the GMD/CEO ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

The GMD/CEO is responsible for formulating the vision and recommending policies and the strategic direction of the Company for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, managing the day-to-day operations of the Company and tracking compliance and business progress.

Independent Non-Executive Directors are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and Board Committees and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of the Independent Non-Executive Directors' independent judgment or their ability to act in the best interest of the Company and its shareholders.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

I Roles and Responsibilities of the Board (cont'd)

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("CCM") which is available at CCM's website at 'www.ssm.com.my'. In addition, the Company has a Code of Conduct and Ethics that sets out sound principles and standards of good practice which are to be observed by the employees. A Whistleblowing Policy has been established by the Company and it provides a structured channel for all employees of the Company and any other persons providing services to, or having a business relationship with the Company, to report any concerns about any improper conducts, wrongful acts or malpractice committed within the Company.

II Board Composition

The Board currently comprises seven (7) Directors. The seven (7) Directors are made up of one (1) Executive Director and six (6) Non-Executive Directors, of whom four (4) are independent.

The Company is guided by the BNM CG Policy in determining its board composition. The Board determines the appropriate size of the Board to enable efficient and effective conduct of Board deliberation. The Board has a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company. Board members have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Board recognises the merits of collective skills, perspectives and strengths through Board diversity to bring added value to the Board. The Board will consider appropriate targets in Board diversity including gender balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

Based on the review of the Board composition in July 2025, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Company's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

III Board Meetings

The Board met six (6) times during the financial year ended 30 June 2025 with timely notices of issues to be discussed. Details of attendance of each director are as follows:

Directors	Attendance
YBhg Tan Sri Quek Leng Chan (Chairman)	6/6
Mr Tan Kong Khoon	6/6
Mr Sim Hong Kee	6/6
Ms Koid Swee Lian	6/6
YBhg Dato' Ng Wan Peng	6/6
Mr Mitsuru Yasuda	6/6
Ms Shalet Marian *(Retired with effect from 15 June 2025)*	6/6

YBhg Datuk Kamarudin bin Hashim was appointed as Director after the close of financial year ended 30 June 2025 and as such, did not attend any of the Board meetings held during the financial year ended 30 June 2025.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile

YBHG TAN SRI QUEK LENG CHAN
Chairman/Non-Executive/Non-Independent
Age 82, Male, Malaysian

YBhg Tan Sri Quek Leng Chan is qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

YBhg Tan Sri Quek is the Chairman of Hong Leong Assurance Berhad ("HLA") and was appointed to the Board of HLA on 20 December 1982. He is a member of the NRC of HLA.

He is the Chairman & CEO of Hong Leong Company (Malaysia) Berhad, a public company; Chairman of HLFG and Hong Leong Bank Berhad ("HLB"), both companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). He is also the Chairman of Council of Members of Hong Leong Bank Vietnam Limited.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile (cont'd)

MR TAN KONG KHOON
Executive Director/Non-Independent
Age 68, Male, Singaporean

Mr Tan Kong Khoon holds a Bachelor of Business Administration degree from Bishop's University, Canada and is an alumnus of the Harvard Business School Advanced Management Program. He is a Chartered Banker of the Asian Institute of Chartered Bankers.

Mr Tan is the President & CEO of HLFG. He was the GMD/CEO of HLB from 1 July 2013 to 4 February 2016. Prior to joining HLB, Mr Tan was the Group Executive, Consumer Banking Group of DBS Bank Ltd ("DBS") from 1 December 2010 to 15 April 2013 where he led and managed strategy formulation and execution for consumer banking globally across the DBS Group.

Mr Tan began his banking career with DBS in 1981. Since then, he has successfully built consumer banking franchises across multiple markets in Asia for Citibank, Standard Chartered Bank and ANZ Bank.

From March 2007 to December 2009, Mr Tan was the President & CEO of Bank of Ayudhya, the fifth largest financial group in Thailand listed on the Thailand Stock Exchange. The group businesses included commercial and investment banking, life and non-life insurance, stock broking, asset management and consumer finance subsidiaries.

Mr Tan was appointed to the Board of HLA on 5 April 2016.

Mr Tan is the Chairman of Hong Leong Capital Berhad and a Director of HLFG and HLB, companies listed on the Main Market of Bursa Malaysia; and a Director of Hong Leong Investment Bank Berhad ("HLIB"), a public company. He is also the Chairman of Hong Leong Bank (Cambodia) PLC and a member of the Board of Controllers of Hong Leong Bank Vietnam Limited.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile (cont'd)

MR SIM HONG KEE
Non-Executive Director/Independent
Age 69, Male, Malaysian

Mr Sim Hong Kee has attended the Harvard Business School's Senior Management Development Program and the IBM Asia Pacific Advanced Management School. He qualified as a Chartered Accountant after completing the Malaysian Institute of Certified Public Accountant ("MICPA") examination in 1980 and is a member of the Malaysian Institute of Accountants ("MIA"); MICPA, the Institute of Corporate Directors Malaysia ("ICDM") and the Institute of Enterprise Risk Practitioners.

Mr Sim began his career under a 4-year articleship with a public accounting firm before joining IBM Malaysia ("IBM") where, over a period of about 31 years, he held various senior local and regional leadership positions in the areas of financial planning; pricing; treasury operations; real estate strategy; taxation; legal; business controls; joint venture evaluation and formation; leasing operations; accounting, sales, and credit control.

Some of the senior positions he held in IBM include: Executive Assistant of Asia Pacific Chief Financial Officer; Chief Financial Officer; Country Marketing Operations Manager; ASEAN/South Asia Y2K Executive to lead the successful Y2K transition for all customers and IBM operation; Senior Manager for Key Accounts; ASEAN/South Asia Regional Project Management Office Leader for the divestment and transition of IBM's PC and Printer businesses and Senior Manager of Credit Centre of Excellence for Asia Pacific, South Korea, Japan and India. He retired from IBM in 2015. He held the position of Finance and Human Resource Director of Oracle Malaysia from 1995 to 1997.

Post retirement, he was appointed as Senior Advisor of a leading local private equity company: Creador Sendirian Berhad, to set up the Business Process and Internal Audit team, and to provide oversight to the team on business process and procedural reviews, policies, compliance audits and ERP solution implementation of the investee companies in Malaysia, Indonesia and Philippines. He was in this role for 6 years from April 2016 to April 2022.

Mr Sim was appointed to the Board of HLA on 17 September 2020 and he is a member of the NRC of HLA. He is also the Chairman of the GBAC and a member of the GBRMC under HLAH.

Mr Sim is currently an Independent Non-Executive Director of Mesiniaga Berhad ("Mesiniaga"), an IT system integrator and solution provider listed on the Main Market of Bursa Malaysia. At Mesiniaga, he is the Chairman of the Audit and Risk Management Committee and the NRC. He is an Independent Non-Executive Director of Guocoland (Malaysia) Berhad and the Chairman of the Board Audit and Risk Management Committee and Nomination Committee.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile (cont'd)

MS KOID SWEE LIAN
Non-Executive Director/Independent
Age 67, Female, Malaysian

Ms Koid Swee Lian graduated in 1981 with a Bachelor of Laws (Honours) degree from the University of Malaya and was called to the Malaysian Bar as an Advocate & Solicitor in 1983.

Ms Koid was a career officer of BNM for more than 30 years until her retirement in 2013 and had held various senior positions including Deputy Director of Legal Department, Head of Financial Intelligence Unit and her last position with BNM being the Director of Consumer and Market Conduct Department. During her tenure with BNM, Ms Koid was also appointed as the inaugural Secretary to the National Coordinating Committee to Counter Money Laundering.

Ms Koid was a member of an international team of experts from the Financial Action Task Force and Asia Pacific Group on Anti-Money Laundering (“AML”) that conducted a joint mutual evaluation of the USA’s AML regime in 2005 to 2006. She had collaborated with various national and international organisations such as the World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, Consultative Group to Assist the Poor, and Alliance for Financial Inclusion where Ms Koid was engaged to speak at various forums on AML/Anti-Terrorist Financing, financial consumer protection and financial education.

From 2008 to 2011, Ms Koid was appointed by BNM to serve as a Board member of the Credit Counseling and Debt Management Agency (Agensi Kaunseling dan Pengurusan Kredit or "AKPK"), BNM’s wholly-owned subsidiary. She was seconded to AKPK as CEO from 2011 to 2014 where she had led the agency in elevating adult consumers’ financial literacy and eliminating their financial hardship with debt relief programmes.

Ms Koid was appointed to the Board of HLA on 26 February 2021. She is the Chairman of the NRC of HLA and a member of the GBRMC under HLAH.

Ms Koid is currently the Chairman of HLAH and a board member of Deutsche Bank (Malaysia) Berhad and Genting Berhad. She was a public interest director on the Board of the Federation of Investment Managers Malaysia ("FIMM") appointed by Securities Commission and was an Adviser for the Consumer Financial Education Initiative of the Financial Planning Association of Malaysia ("FPAM").

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile (cont'd)

YBHG DATO' NG WAN PENG
Non-Executive Director/Independent
Age 61, Female, Malaysian

YBhg Dato’ Ng Wan Peng holds a Bachelor of Computer Science degree from the Universiti Sains Malaysia and is an alumnus of the Harvard Business School of Senior Executive Leadership Program.

YBhg Dato’ Ng is a competent leader and highly motivated professional with more than 30 successful years in the Information and Communication Technologies industry spanning the corporate and Government Investment Company environment. She adopts the results driven approach in the development of comprehensive strategies and implementation of actions to support business goals and objectives.

YBhg Dato’ Ng began her career as a System Engineer in Uniphone Sdn Bhd under the Sapura Group and moved up the ranks to Program Manager before leaving to join Malaysia Digital Economy Corporation (formerly known as Multimedia Development Corporation) (“MDEC”) in 1998. During her 22 years at MDEC, YBhg Dato’ Ng held various senior leadership roles with her last position being the Chief Operating Officer. During her tenure with MDEC, she had successfully led and driven various notable large-scale projects, ranging from Digital Inclusion/Gig Economy, Digital Transformation, Fintech Ecosystem, Digital Free Trade Zone and e-Commerce Ecosystem.

For the period from February 2021 to October 2022, YBhg Dato’ Ng was appointed as the President of Big Bad Wolf Ventures Sdn Bhd, a company engaging in retail and wholesale business in Malaysia and abroad, where she was tasked to lead and drive the group’s technology and digital transformation to achieve the group’s business expansion.

YBhg Dato’ Ng was appointed to the Board of HLA on 1 June 2021 and is a member of the Group Board Information and Technology Committee under HLFG.

YBhg Dato’ Ng is currently a Board member of Iris Corporation Berhad and Autocount Dotcom Berhad, companies listed on the ACE Market of Bursa Malaysia. She is also a Board member of Fraser & Neave Holdings Bhd, a company listed on the Main Market of Bursa Malaysia and a Board member of NanoMalaysia Berhad, a company limited by guarantee under the Ministry of Science, Technology and Innovation as well as a Board member of LAC MED Berhad, a public company. She was a Board member of Securemetric Berhad, a company listed on the ACE Market of Bursa Malaysia.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile (cont'd)

MR MITSURU YASUDA
Non-Executive Director/Non-Independent
Age 51, Male, Japanese

Mr Mitsuru Yasuda holds a Bachelor of Arts in Social Science degree from Waseda University in Japan and a Certified Public Accountant ("CPA") license in Japan.

Mr Yasuda has over 26 years of experience in life insurance, merger and acquisition ("M&A") advisory and audit businesses. He joined Mitsui Sumitomo Insurance Company, Limited, Japan ("MSIJ") in 2015 and took on a supervisory role in Sinarmas MSIG Life ("Sinarmas"), a life insurance subsidiary of MSIJ in Indonesia through participation at Sinarmas' Board meetings as an observer and provided advices from a shareholder's standpoint on areas such as sales channel and product portfolio management, budget and profit management as well as risk management.

Prior to joining MSIJ, Mr Yasuda spent 12 years with Deloitte in its M&A advisory function in both Tokyo and New York. During his tenure with Deloitte, he had provided accounting and tax advices as well as valuation support to his clients which included both life and non-life insurance companies. He had also spent 4 years with Ernst & Young ("E&Y"), Tokyo in its audit function before joining Deloitte.

Mr Yasuda is currently the General Manager of the International Business Planning Department of MS&AD Insurance Group Holdings, Inc. ("MS&AD") and the Asian Life Insurance Business Department of MSIJ respectively. He takes on a strategic role in assisting MS&AD's investments on overseas life insurance businesses by analysing accounting/ tax impacts, optimising transaction structures and estimating value of the business to be invested which include the additional share purchases of Sinarmas and Reassure in United Kingdom.

Mr Yasuda was appointed to the Board of HLA on 17 July 2023.

Mr Yasuda is currently a Non-Executive Director of both Max Financial Services Limited, a listed entity on the Bombay Stock Exchange and the National Stock Exchange of India, and its subsidiary in India, Max Life Insurance Company Limited as a representative of MSIJ. He supervises the life insurance business through its Board and various Committees including Risk Management, Audit, Investment and others. Mr Yasuda is also a Director of Hong Leong MSIG Takaful Berhad ("HLMT"), a public company.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Profile (cont'd)

YBHG DATUK KAMARUDIN BIN HASHIM
Non-Executive Director/ Independent
Age 58, Male, Malaysian

YBhg Datuk Kamarudin bin Hashim holds a Bachelor of Arts majoring in Law degree from the University of Kent in the United Kingdom.

YBhg Datuk Kamarudin was a career officer of the Securities Commission Malaysia ("SC") for over 25 years, from 1993 until his retirement in 2024. During his tenure with the SC, YBhg Datuk Kamarudin held various senior leadership roles, including Managing Director and Executive Director of Surveillance, Authorisation and Supervision Business Group; Managing Director and Executive Director of Market & Corporate Supervision Business Group; and Director/ Executive Director of Intermediary & Fund Supervision Business Group.

From January 2000 to June 2005, YBhg Datuk Kamarudin served as the Head, Product and Market Department, Market & Development Business Group at the SC, where he was entrusted for leading research, policy formulation, and development initiatives across various segments including derivatives, asset management, financial planning, and venture capital. Subsequently, from July 2005 to June 2007, he was seconded to Citibank Berhad as the Head of Special Projects. During this 2-year period, he was primarily involved with the bond/sukuk origination team, and provided support to the Islamic finance function while gaining direct exposure in the commercial environment.

In July 2007, YBhg Datuk Kamarudin returned to the SC to assume the role of General Manager, Bond Market Department, Market Supervision Business Group. He progressed through the organisation and eventually served as Managing Director and Executive Director of Surveillance, Authorisation and Supervision Business Group until his retirement in August 2024. In these senior capacities, YBhg Datuk Kamarudin played a pivotal role in supporting the SC Chairman in formulating the overall strategic direction of Malaysia's capital market. He was also responsible for overseeing the development of the bond and sukuk market; and managing the supervision, surveillance and licensing departments of the SC.

YBhg Datuk Kamarudin was appointed to the Board of HLA on 16 July 2025.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Training

The Company recognises the importance of continuous professional development and training for its Directors.

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Company's business, governance process, roles and responsibilities as Director of the Company. The CPD encompasses areas related to the industry or business of the Company, governance, risk management and regulations through a combination of courses and conferences. A training budget is allocated for Directors' training programmes.

The Company regularly organises in-house programmes, briefings and updates by external and its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The Company has prepared for the use of its Directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a Director vis-a-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of Directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management, statutory/regulatory compliance, technology, cybersecurity and/or Environmental, Social, and Governance ("ESG") be recommended and arranged for the Directors to enhance their contributions to the Board.

During the financial year ended 30 June 2025, the Directors received regular briefings and updates on the Company's businesses, operations, risk management and compliance, internal controls, corporate governance, finance, technology, cybersecurity, ESG and any changes to relevant legislation, rules and regulations from in-house professionals.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Training (cont'd)

During the financial year ended 30 June 2025, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Asia School of Business ("ASB")
  - FIDE Core Programme (Module A)
  - Understanding the Roles and Responsibilities of Asset-Liability Committees ("ALCO") and Asset-Liability Management
  - FIDE Core Programme (Module B)
  - Governance of Generative Artificial Intelligence ("AI")
  - Professional Certification in Corporate Finance - Certificate of Achievement and Malaysian Micro-Credential Statement
- BNM
  - Engagement session in conjunction with the release of BNM's flagship publications (Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for 2nd half of 2024)
- Deutsche Bank
  - Chief Investment Officer Updates
- Ernst & Young PLT
  - Financial Services Organisation ("FSO") Insurance Forum
  - International Sustainability Standards Board ("ISSB") Briefing
- FIDE FORUM
  - Launch of the Board Culture and Leadership Report 2025
- Halim, Hong & Quek
  - Fireside Chat on Cyber Security Act 2024
- HLAH Group
  - AMLA 2001: Risk, Challenges & Vulnerabilities Towards Risk Based Approach for Directors
- HLFG Group
  - HLFG Group In-House Training for Directors - Key Cyber Insights, AI and Technology Trends
  - Anti-Bribery and Corruption Refresher Training 2024
  - HLFG Group In-House Directors' training on Moving from the recommendations of the Task Force on Climate-related Financial Disclosures to International Financial Reporting Standards ("IFRS") S1 and IFRS S2
- Institute of Corporate Directors Malaysia ("ICDM")
  - Board's Role in Whistleblowing Oversight
  - Key Budget Highlights & a Conversation with Secretary General of Treasurer, Ministry of Finance

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

A. Board (cont'd)

Directors' Training (cont'd)

During the financial year ended 30 June 2025, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including (cont'd):

- Institute of Corporate Directors Malaysia ("ICDM") (cont'd)
  - Strategic Data and Frameworks in Board Governance
  - Boardroom Insights 2025: Navigating Governance, Risk and Strategic Foresight
  - Board Leadership in Industry Disruption: Steering Companies through Market Shifts
  - Future - Proofing Governance & Risk: Strategies for a Disruptive Era
- ICDM and Bursa Malaysia Berhad
  - Board Ethics: Growing Concerns from New Technology, Stakeholder Interests and Conflict Of Interest
- Institute of Enterprise Risk Practitioners
  - Clarifying the Role of Internal Audit in Risk Management
- IRIS Corporation Berhad
  - Organisational Carbon Footprint Assessment Workshop
- KPMG PLT
  - Cybersecurity Oversight: Board Responsibilities in light of the Cyber Security Act 2024
  - KPMG Symposium: Beyond ESG
- Life Insurance Association of Malaysia ("LIAM") & ASB
  - Climate Risk Management and Scenario Analysis ("CRMSA"), Climate Change and Principle-based Taxonomy ("CCPT") and Climate Risk Stress Testing ("CRST")
- Malaysian Economic Association
  - 2025 Bank Negara Malaysia Governor's Address on the Malaysian Economy & Panel Discussion
- Malaysian Institute of Accountants ("MIA")
  - MIA Business Valuation Forum
- PH Advisory Sdn Bhd
  - Unboxing the Malaysian National Sustainability Reporting Framework ("NSRF") and discovering what it means to you
- PricewaterhouseCoopers Malaysia
  - Tax Coporate Governance Leadership Forum
- Sunway University
  - High-Level Convening on ASEAN’s Integrated Energy and Digital Future
- Securities Commission of Malaysia
  - 30% Club Malaysia: Power, Progress, Possibility - Redefining Leadership Together

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees

The following Board Committees have been established by the Board to assist in the discharge of its duties:

(i) NRC;
(ii) GBAC which is centralised at its immediate holding company, HLAH;
(iii) GBRMC which is centralised at its immediate holding company, HLAH; and
(iv) Group Board Information Technology Committee (“GBITC”) which is centralised at its penultimate holding company, HLFG.

(i) NRC

The Nomination Committee and Remuneration Committee of the Company had been combined into a single committee named as “NRC” with effect from 20 September 2024 and the members are as follows:

Ms Koid Swee Lian
(NRC Chairman and Independent Non-Executive Director)
YBhg Tan Sri Quek Leng Chan
(Non-Independent Non-Executive Director)
Mr Sim Hong Kee
(Independent Non-Executive Director)

During the financial year ended 30 June 2025, two (2) NRC meetings were held and the attendance of the members was as follows:

Members	Attendance
Ms Koid Swee Lian	2/2
YBhg Tan Sri Quek Leng Chan	2/2
Mr Sim Hong Kee	2/2

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(i) NRC (cont'd)

The primary objective of the NRC is to support the Board in carrying out its functions in the appointments, removals, composition, performance evaluation and development, fit and proper assessments concerning the Board, Board Committees, CEO and Senior Management Officers of the Company. In addition, the NRC periodically reviews the remuneration of Directors, CEO, Senior Management Officers and Other Material Risk Takers of the Company.

The roles and responsibilities of the NRC are detailed in its Terms of Reference, which is available on the Company’s corporate website (www.hla.com.my).

The Group's remuneration scheme for Executive Directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them.

The fees of Directors are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting.

Remuneration Policy

HLA's remuneration strategy supports and promotes a high performance culture to deliver HLA's vision to be a highly digital and innovative insurer. It also forms a key part of our Employer Value Proposition with the aim to drive the right behaviours, create a workforce of strong values, high integrity, clear sense of responsibility and high ethical standards.

The remuneration framework provides a balanced approach between fixed and variable components that is measured using a robust and rigorous performance management process which incorporates meritocracy in performance, HLA values, key behaviours in accordance to our Code of Conduct and risk and compliance management as part of the key performance indicators for remuneration decisions.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(i) NRC (cont'd)

Remuneration Policy (cont'd)

The remuneration framework also reinforces robust internal governance on performance and remuneration of control functions which are measured and assessed independently from business units/functions they support to avoid any conflict of interests. The framework stipulates that for effective segregation these staff will be appraised principally based on achievement of their control objectives.

The remuneration process includes strict adherence to regulatory requirements and active oversight by the Board where the remuneration of CEO, Senior Management Officers and other material risk takers are reviewed and approved by the Remuneration Committee and Board annually. HLA maintains and regularly reviews a list of officers who fall within the definition of "other material risk takers".

Key components of remuneration structure

The overall total compensation for HLA generally includes base salary, fixed allowances, performance-based variable pay and employee benefits.

- Fixed Pay (Base Salary and Fixed Allowances)
  Fixed pay is determined based on competency level, skills, experience, performance and market competitive levels; ensuring its competitiveness vis-à-vis comparable institutions for attraction and retention purposes.

- Variable pay (Cash Bonus, Deferred Cash and Incentive)
  Variable pay is declared based on overall Company's performance, line of business and individual performance. It focuses on the achievement of key objectives which are aligned to value creation for our shareholders and stakeholders. Payout is aligned to time horizon of risk to avoid excessive risk taking and provide for malus, clawback and deferral arrangements.

- Employee Benefits
  Employee benefits are used to foster employees' sense of being valued and sense of well-being, delivering cost-effective programmes that are of value to employees.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(i) NRC (cont'd)

Remuneration Policy (cont'd)

Key components of remuneration structure (cont'd)

The remuneration for Senior Management Officers and other Material Risk Takers for the current financial year is shown in the table below:

Total value of remuneration awards for the financial year	GMD/CEO		Senior Management and other Material Risk Takers	
	Unrestricted (RM)	Deferred (RM)	Unrestricted (RM)	Deferred (RM)
Fixed Remuneration				
• Cash-based	1,758,000	-	12,027,606	-
• Shares and share-linked instruments	-	-	-	-
• Other	-	-	-	-
Variable Remuneration				
• Cash-based	2,413,522	-	4,092,935	-
• Shares and share-linked instruments	-	-	-	-
• Other	-	-	-	-

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(ii) GBAC

The financial reporting and internal control system of the Company is overseen by the GBAC, which comprises the following members:

Mr Sim Hong Kee
(GBAC Chairman and Independent Non-Executive Director of HLA)
(Appointed as GBAC Chairman on 10 July 2025)
Mr Martin Giles Manen
(Independent Non-Executive Director of HLMT)
YBhg Dato' Bakarudin bin Ishak
(Independent Non-Executive Director of HLMT)
Ms Foo Ai Li
(Independent Non-Executive Director of HLAH)
(Appointed as GBAC member on 1 August 2024)
Ms Shalet Marian
(Independent Non-Executive Director of HLA)
(Appointed as GBAC Chairman on 10 July 2024 and subsequently ceased as GBAC Chairman upon her retirement as Director of HLA on 15 June 2025)

During the financial year ended 30 June 2025, nine (9) GBAC meetings were held and the attendance of the members was as follows:

Members	Attendance
Mr Sim Hong Kee	9/9
Mr Martin Giles Manen	9/9
YBhg Dato' Bakarudin bin Ishak	9/9
Ms Foo Ai Li	8/8
Ms Shalet Marian	9/9

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(ii) GBAC (cont'd)

The GBAC is established to, inter alia, support the Board of the Company in discharging the following responsibilities:

- Oversee management's implementation of the governance framework and internal control framework/policies.
- Oversee that management has a reliable and transparent financial reporting process within the Company by providing independent oversight of internal and external audit functions.
- Promote the adoption of the sound corporate governance principles set out in BNM policy document on Corporate Governance.

The roles and responsibilities of the GBAC are detailed in its Terms of Reference, which is available on the Company's corporate website (www.hla.com.my).

(iii) GBRMC

The risk management and compliance functions of the Company is overseen by the GBRMC, which comprises the following members:

YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
(GBRMC Chairman and Independent Non-Executive Director of HLMT)
(Appointed as GBRMC Chairman on 10 July 2025)
Mr Sim Hong Kee
(Independent Non-Executive Director of HLA)
(Ceased as GBRMC Chairman and redesignated as GBRMC Member on 10 July 2025)
Ms Koid Swee Lian
(Independent Non-Executive Director of HLAH and HLA)
Encik Zulkiflee bin Hashim
(Independent Non-Executive Director of HLMT)
YBhg Datuk Syed Izuan bin Syed Kamarulbahrin
(Independent Non-Executive Director of HLAH)
(Appointed as GBRMC member on 12 August 2024)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(iii) GBRMC (cont'd)

During the financial year ended 30 June 2025, eight (8) GBRMC meetings were held and the attendance of the members was as follows:

Members	Attendance
YBhg Dato’ Nicholas John Lough @ Sharif Lough bin Abdullah	7/8
Mr Sim Hong Kee	8/8
Ms Koid Swee Lian	7/8
Encik Zulkiflee bin Hashim	7/8
YBhg Datuk Syed Izuan bin Syed Kamarulbahrin	7/7

The GBRMC is established, inter alia, support the Board of the Company in discharging the following responsibilities:

- Oversee Management’s implementation of the governance framework and internal control framework/policies.
- Oversee that Management meets the expectations on risk management and compliance as respectively set out in BNM policy documents on Risk Governance, and Compliance.
- Oversee Management’s implementation of compliance risk management.
- Promote the adoption of the sound corporate governance principles set out in BNM policy document on Corporate Governance.
- Oversee the implementation of the sustainability strategies and consider ESG issues when reviewing risk management policies as well as oversee progress against goals and targets for addressing climate-related issues.

The roles and responsibilities of the GBRMC are detailed in its Terms of Reference, which is available on the Company’s corporate website (www.hla.com.my).

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

B. Board Committees (cont'd)

(iv) GBITC

The technology and cybersecurity related matters of the Company is overseen by the GBITC, which comprises the following members:

Ms Chong Chye Neo
(GBITC Chairman and Independent Non-Executive Director of HLFG)
YM Raja Noorma binti Raja Othman
(Independent Non-Executive Director of HLFG and HLIB)
YBhg Dato’ Nicholas John Lough @ Sharif Lough bin Abdullah
(Independent Non-Executive Director of HLMT)
YBhg Dato’ Ng Wan Peng
(Independent Non-Executive Director of HLA)

During the financial year ended 30 June 2025, four (4) GBITC meetings were held and the attendance of the members was as follows:

Members	Attendance
Ms Chong Chye Neo	4/4
YM Raja Noorma binti Raja Othman	4/4
YBhg Dato’ Nicholas John Lough @ Sharif Lough bin Abdullah	4/4
YBhg Dato’ Ng Wan Peng	4/4

The GBITC is established to, inter alia, support the Board of the Company in discharging the following responsibilities:

- Oversee technology and cyber security related matters.
- Ensure that risks assessments undertaken in relation to material technology applications are robust and comprehensive.
- Ensure that management meets the expectations on technology and cyber security risk management as set out in Bank Negara Malaysia’s policy document on Risk Management in Technology.
- Facilitate discussions amongst entities of the development in digital trends, to rationalise practices and policies and where possible, to seek consistent practices across entities.

The roles and responsibilities of the GBITC are detailed in its Terms of Reference, which is available on the Company’s corporate website (www.hla.com.my).

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

C. Independence

The Company has in place a policy in relation to the tenure for Independent Directors of the Company ("Tenure Policy") under the Fit and Proper Policy of the Company. Pursuant to the Tenure Policy, the tenure of an Independent Director shall not exceed a cumulative term of 9 years from the date of his or her first appointment in the Company. Upon completion of the 9 years, an Independent Director shall retire on the expiry date of his or her term of office approved by BNM.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Although a longer tenure of directorship may be perceived as relevant to the determination of a Director's independence, the Board recognises that an individual's independence should not be determined solely based on tenure of service. Further, the continued tenure of directorship brings considerable stability to the Board, and the Company benefits from Directors who have, over time, gained valuable insight into the Company, its market and the industry.

The Independent Directors have declared their independence, and the NRC and the Board have determined through the annual assessment carried out, that the Independent Directors, have continued to bring objective judgment to the Board deliberations and decision making. The tenure of all the Independent Directors on the Board does not exceed 9 years.

D. Commitment

The Directors are aware of their responsibilities and devoted sufficient time to carry out such responsibilities. Board and Board Committees meetings are scheduled a year ahead in order to enable full attendance at Board and Board Committees meetings. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 75% of Board meetings held in each financial year pursuant to the BNM CG Policy.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. Board reports are circulated electronically prior to Board and Board Committees meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and management's proposals which require the endorsement of the relevant Board Committees and the approval of the Board.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

D. Commitment (cont'd)

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Companies Act 2016. They support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitate effective information flow amongst the Board, Board Committees and senior management. All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman or the Chief Executive Officer of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. A Director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Board meeting where the material transaction or material arrangement is being deliberated by the Board.

E. Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Company. Reports on the financial condition and performance of the Company are reviewed at Board meetings.

F. Internal Control Framework

The Board recognises that the practice of good governance is an important mandate. The Board has established the GBAC and the GBRMC to ensure that the Company maintains a sound system of internal controls and good risk management practices that foster good governance.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

F. Internal Control Framework (cont'd)

The Board acknowledges its overall responsibility for the risk management and internal control environment and its effectiveness in safeguarding shareholders' interests and the Company's assets. The risk management and internal control framework is designed to manage rather than to eliminate the risk of failure in the achievement of goals and objectives of the Company, and therefore only provide reasonable assurance and not absolute assurance, against material misstatement or loss. The system of risk management and internal controls instituted throughout the Company is updated periodically to align with the dynamic changes in the business environment as well as any process improvement initiatives undertaken. The Board confirms that its Management team responsibly implements the Board policies, Management policies and standard operating procedures on risk management and internal controls.

The organisational structure of the Company clearly defines the lines of accountability and responsibility. On-going risk assessment and evaluation are an integral part of the Company's strategic planning cycle and are responsive to the business environment and opportunities. Management committees are appropriately set up to ensure proper utilisation and investment of the Company's assets for effective risk return rewards or to limit losses. The Risk Management and Compliance divisions have implemented a company-wide risk management framework to inculcate continuous risk and regulatory compliance awareness, and the understanding of procedures and controls, thus improving the overall control environment.

Operationally, the Company establishes multiple lines of defence to effect a robust control framework. At the first level, the operating business and support units are responsible for the day-to-day management of risks inherent in the various business activities. At the second level, Risk Management is responsible for setting the risk management framework, reviewing portfolio risks, and developing tools and methodologies for the identification, measurement, monitoring, and control of risks; whereas Compliance is responsible for ensuring that controls to manage compliance risks are adequate and operating as intended. At the third level, the Internal Audit division complements Risk Management and Compliance by monitoring and evaluating the effectiveness of internal control systems. It also provides an independent perspective and assessment on the adequacy and effectiveness of the risk management and compliance policies, process, governance and systems.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

F. Internal Control Framework (cont'd)

The key policies and procedures for each of the internal control/second line functions, which are reviewed annually or as and when required, are as follows:

(i) The review on the Risk Management Policy is conducted from time to time, to reflect the latest changes in Hong Leong Financial Group or local regulatory requirements.

(ii) For the Compliance division, the key policies and procedures include:

- The Compliance Policy which sets out the compliance framework, principles, governance and reporting structure for identifying and managing compliance risk in the Company's operations.
- The Regulatory Engagement Standard Operating Procedures which outline principles relating to interactions with any relevant regulatory bodies including communications and supervisory reviews.
- The Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT & TFS") Policy which sets out requirements, standards and guidance that support the Company's compliance with Hong Leong Financial Group and Bank Negara Malaysia's requirements.
- The Anti-Bribery and Corruption Policy which sets out the minimum requirements that support the Company's compliance with Hong Leong Financial Group and Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 requirements.

The Internal Audit function of the Company, which reports to the GBAC, undertakes independent reviews or assessments of the Company's operations and its system of internal controls. Internal Audit Plan is developed based on annual risk assessment and approved by the GBAC. The results of the internal audits conducted are reported to the GBAC. Implementation of corrective action plans are followed-up on a month basis and reported to the GBAC. Highlights of the GBAC meetings are submitted to the Board for review and further deliberation.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

F. Internal Control Framework (cont'd)

In addition, internal controls are also effected through the following processes:

- The Board receives and reviews regular reports from Management on the key operating statistics, business dynamics, legal matters and regulatory issues that would have implications on internal control measures.
- The GBAC regularly reviews and holds discussions with Management on the actions taken on internal control issues identified in reports prepared by Internal Audit, external auditors and regulatory authorities.
- Policies on delegation and authority limits are strictly implemented to ensure a culture that respects integrity and honesty, and thereby reinforce internal controls.
- Policies and procedures are set out and disseminated throughout the Company in support of a learning culture, so as to reinforce an environment of internal control discipline.
- Policies for recruitment, promotion and termination of staff are in place to ensure the Company’s human resources comply with internal controls.

G. Corporate Independence

The Company has complied with BNM's Guidelines on Related Party Transactions (BNM/RH/GL-018-6) in respect of all its related party undertakings. All necessary disclosures have been made to the Board regularly and where required, prior Board approval has been obtained. All material related party transactions are disclosed in Note 23 to the financial statements.

H. Management Accountability

The Company operates in an organisational structure and environment which are constantly being reviewed and enhanced to ensure that it remains appropriate for the operating environment. Human resource procedures of the Company provide for the setting of goals and training of each employee. The Company conducts formal appraisals for each employee on an annual basis.

The Company has an office of Corporate Communications to guide its communication policy.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

I. Public Accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. All staff of the Company are required to comply with the Code of Ethics and Conduct.

J. Relationship with Auditors

The appointment of external auditors is recommended by the GBAC, which determines the remuneration of the external auditors.

The GBAC reviews the suitability and independence of the external auditors annually. In this regard, an annual assessment is conducted by the GBAC to evaluate the performance, independence and objectivity of the external auditors prior to making any recommendation to the Board on the reappointment of the external auditors.

The Company also has a Policy on the Use of External Auditors for Non-Audit Services to govern the professional relationship with the external auditors in relation to non-audit services. Assessment will be conducted by the GBAC for non-audit services to ensure that the provision of non-audit services does not interfere with the exercise of independent judgment of the external auditors.

During the financial year under review, the external auditors met with the GBAC to:
(i) present the scope of the audit before the commencement of audit;
(ii) present their annual transparency report; and
(iii) review the results of the audit as well as the management letter after the conclusion of the audit.

GBAC held 2 private meetings with the external auditors without the presence of management during the financial year under review.

HONG LEONG ASSURANCE BERHAD
Registration No. 198201014849 (94613-X)
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, the Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or preference shares and/or options over ordinary shares of the Company and/or its related corporations during the financial year are as follows:

	Directors' direct interests Number of ordinary shares/preference shares/*ordinary shares issued or to be issued or acquired or to be received arising from the vesting of share grant/ **nominal value in Ringgit Malaysia of Tier 2 subordinated notes/ subordinated sukuk murabahah			
	As at 01/07/2024	Acquired	(Sold/ exercised)	As at 30/06/2025
Interests of YBhg Tan Sri Quek Leng Chan in:				
Hong Leong Company (Malaysia) Berhad	390,000	-	-	390,000
Hong Leong Financial Group Berhad	5,438,664	6,536,130 (5)	-	11,974,794
Hong Leong Bank Berhad	-	55,080 (5)	-	55,080
Hong Leong Industries Berhad	-	2,486,900 (5)	-	2,486,900
Malaysian Pacific Industries Berhad	-	995,000 (5)	-	995,000
Hume Cement Industries Berhad	-	1,705,895 (5)	-	1,705,895

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Directors' direct interests Number of ordinary shares/preference shares/*ordinary shares issued or to be issued or acquired or to be received arising from the vesting of share grant/ **nominal value in Ringgit Malaysia of Tier 2 subordinated notes/ subordinated sukuk murabahah			
	As at 01/07/2024	Acquired	(Sold/ exercised)	As at 30/6/2025
Interests of Mr Tan Kong Khoon in:				
Hong Leong Financial Group Berhad	375,368	-	-	375,368

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Directors' deemed interests Number of ordinary shares/preference shares/*ordinary shares issued or to be issued or acquired or to be received arising from the vesting of share grant/ **nominal value in Ringgit Malaysia of Tier 2 subordinated notes/ subordinated sukuk murabahah			
	As at 01/07/2024	**Acquired**	**(Sold/ exercised)**	**As at 30/06/2025**
Interest of YBhg Tan Sri Quek Leng Chan in:				
Hong Leong Company (Malaysia) Berhad	7,651,455 (1)	-	-	7,651,455 (1)
Hong Leong Financial Group Berhad	894,714,726 (1)	66,000 (1)(5)	(6,602,130) (5)	888,178,596 (1)
Hong Leong Capital Berhad	173,805,058	-	-	173,805,058
Hong Leong Bank Berhad	1,346,027,209	600 (1)(5)	(55,680) (5)	1,345,972,129 (1)
	170,000,000 **	80,000,000 **	-	250,000,000 **
Hong Leong MSIG Takaful Berhad	130,000,000	-	-	130,000,000
Hong Leong Assurance Berhad	140,000,000	-	-	140,000,000
Hong Leong Islamic Bank Berhad	400,000,000 **	-	-	400,000,000 **
Hong Leong Industries Berhad	242,829,748 (1)	139,934 (1)(4)(7)	(2,661,324) (2)(7)	240,308,358 (1)
	27,334 *(1)	-	(27,334) *(1)(6)	-
Hong Leong Yamaha Motor Sdn Bhd	17,352,872	-	-	17,352,872

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Directors' deemed interests Number of ordinary shares/preference shares/*ordinary shares issued or to be issued or acquired or to be received arising from the vesting of share grant/ **nominal value in Ringgit Malaysia of Tier 2 subordinated notes/ subordinated sukuk murabahah			
	As at 01/07/2024	Acquired	(Sold/ exercised)	As at 30/06/2025
Interest of YBhg Tan Sri Quek Leng Chan in: (cont'd)				
Malaysian Pacific Industries Berhad	116,173,068	138,833 (1)(4)(7)	(1,035,617) (2)(7)	115,276,284 (1)
	-	59,500 *(1)	(19,833) *(1)(6)	39,667 *(1)
Carter Resources Sdn Bhd	5,640,607	-	-	5,640,607
Carsem (M) Sdn Bhd	84,000,000	-	-	84,000,000
	22,400 (3)	-	-	22,400 (3)
Hume Cement Industries Berhad	532,042,392 (1)	34,100 (1)(7)	(4,121,810) (2)(7)	527,954,682 (1)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

Notes:

(1) Inclusive of interest pursuant to Section 59(11)(c) of the Companies Act 2016 in shares held by family member
(2) Inclusive of transfer of free ordinary shares to the grant holder upon vesting
(3) Redeemable Preference Shares
(4) Inclusive of vesting of share grant
(5) Transfer of shares
(6) Vesting of share grant
(7) Inclusive of transfer of shares

Following the completion of the corporate exercises on 14 January 2025, the following corporations are no longer regarded as related corporations of the Company pursuant to Section 7 of the Companies Act 2016. Accordingly, the interests of YBhg Tan Sri Quek Leng Chan in the following corporations are no longer required to be recorded in the Register of Directors’ Shareholdings of the Company pursuant to Section 59 of the Companies Act 2016:

1. Southern Steel Berhad
2. Southern Pipe Industry (Malaysia) Sdn Bhd

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company received or became entitled to receive any benefit (other than the benefits shown under Directors' Remuneration in Note 18(b) to the financial statements, included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for YBhg Tan Sri Quek Leng Chan, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or for the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or for construction, development, leases, tenancy, licensing, dealership and distributorship; and/or for the provision of treasury functions, advances in the conduct of normal trading, banking, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests.

Neither at the end of the financial year, nor at anytime during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the share options granted pursuant to the Executive Share Scheme.

HOLDING COMPANIES

The immediate, penultimate and ultimate holding companies are HLAH, HLFG and Hong Leong Company (Malaysia) Berhad respectively, all companies incorporated in Malaysia.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

AUDITORS' REMUNERATION

Auditors' remuneration of the Company is RM905,000. Details of auditors' remuneration are set out in Note 18 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Tan Kong Khoon
Director

....
Sim Hong Kee
Director

Petaling Jaya
17 September 2025

HONG LEONG ASSURANCE BERHAD
Registration No. 198201014849 (94613-X)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Kong Khoon and Sim Hong Kee, two of the Directors of **Hong Leong Assurance Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 197 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2025 and financial performance of the Company for the financial year ended 30 June 2025 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Tan Kong Khoon
Director

....
Sim Hong Kee
Director

Petaling Jaya
17 September 2025

HONG LEONG ASSURANCE BERHAD
Registration No. 198201014849 (94613-X)
(Incorporated in Malaysia)

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Ong Kheng Heng, the officer primarily responsible for the financial management of **Hong Leong Assurance Berhad**, do solemnly and sincerely declare that, the financial statements set out on pages 46 to 197 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared)
by the above named Ong Kheng Heng)
at Petaling Jaya)
in the State of Selangor Darul Ehsan)
this 17 September 2025)

Before me

PESURUHJAYA SUMPAH
No. B 508
WONG CHOY YIN
1.1.2024 - 31.12.2026
MALAYSIA

Commissioner for Oaths

3 Damansara Shopping Mall
3, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG LEONG ASSURANCE BERHAD
(Incorporated in Malaysia)
Registration No.: 198201014849 (94613-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Assurance Berhad ("the Company") give a true and fair view of the financial position of the Company as at 30 June 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 46 to 197.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG LEONG ASSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No.: 198201014849 (94613-X)

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG LEONG ASSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No.: 198201014849 (94613-X)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LIEW CHI MIN
03529/09/2026 J
Chartered Accountant

Kuala Lumpur
17 September 2025

HONG LEONG ASSURANCE BERHAD
Registration No. 198201014849 (94613-X)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	30.6.2025 RM'000	30.6.2024 RM'000
Assets			
Property, plant and equipment	3	74,512	75,963
Intangible assets	4	8,958	9,217
Right-of-use assets	5(a)	5,078	7,439
Investment properties	6	473,700	471,630
Financial assets	7	27,894,263	26,299,085
- Fair value through profit or loss financial assets	7(a)	25,968,499	25,886,702
- Fair value through other comprehensive income	7(b)	630,028	-
- Amortised cost financial assets	7(c)	1,295,736	412,383
Insurance contract assets	8	61,752	95,189
Reinsurance contract assets	8	96,782	95,525
Derivative assets	9	6,774	329
Tax recoverable		36,672	-
Other receivables	10	106,049	169,289
Cash and cash equivalents		1,016,585	1,465,776
Total assets		29,781,125	28,689,442
Equity, policyholders' fund and liabilities			
Share capital	11	200,000	200,000
Reserves	12	3,679,637	3,342,879
Total equity		3,879,637	3,542,879
Insurance contract liabilities	8	24,333,366	23,375,832
Reinsurance contract liabilities	8	37,592	41,831
Subordinated notes	15	300,000	604,679
Lease liabilities	5(b)	5,336	7,818
Deferred tax liabilities	13	753,269	693,843
Derivative liabilities	9	141	870
Tax payables		30,540	23,474
Other payables	14	441,244	398,216
Total policyholders' fund and liabilities		25,901,488	25,146,563
Total equity, policyholders' fund and liabilities		29,781,125	28,689,442

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Note	2025 RM'000	2024 RM'000
Insurance revenue	16	1,900,957	1,776,788
Insurance service expenses	16	(1,683,770)	(1,613,558)
Insurance service result before reinsurance contracts held		217,187	163,230
Allocation of reinsurance premiums		(222,761)	(185,427)
Amounts recoverable from reinsurers for incurred claims		185,109	153,837
Net expense from reinsurance contracts held	16	(37,652)	(31,590)
Insurance service result	16	179,535	131,640
Interest revenue from financial assets not measured at FVTPL	17	85,566	53,153
Net gains on FVTPL investments	17	1,239,379	2,336,053
Net losses on FVOCI investments		(23)	-
Net rental expenses from investment properties	17	(4,409)	(3,419)
Net gains from fair value adjustments to investment properties	17	2,070	-
Net credit impairment losses	17	(13)	-
Other investment income/(expenses)	17	11,220	(1,620)
Total investment income		1,333,790	2,384,167
Net finance expense from insurance contracts issued	17	(1,002,306)	(1,836,859)
Net finance (expense)/income from reinsurance contracts held	17	(4,785)	2,038
Net insurance finance expenses		(1,007,091)	(1,834,821)
Net insurance and investment results		506,234	680,986
Other income		21,126	19,055
Other expenses	18	(25,430)	(26,802)
Finance cost		(17,803)	(22,515)
Net expenses		(22,107)	(30,262)
Profit before taxation		484,127	650,724
Taxation	19	(112,359)	(252,837)
Net profit for the financial year		371,768	397,887

The accompanying notes form an integral part of the financial statements.

HONG LEONG ASSURANCE BERHAD
Registration No. 198201014849 (94613-X)
(Incorporated in Malaysia)

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Note	2025 RM'000	2024 RM'000
Net profit for the financial year		371,768	397,887
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss:			
Net gains on investments measured at FVOCI for the financial year	17	6,591	-
Net losses on FVOCI investments reclassified to profit or loss on disposal for the financial year		23	-
Tax effects thereon		(1,624)	-
Other comprehensive income for the financial year, net of tax		4,990	-
Total comprehensive income for the financial year, net of tax		376,758	397,887
Basic earnings per share (sen)	21	185.88	198.94

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

		Issued and fully paid ordinary shares		Reserves			
				Non-distributable		Distributable	
	Note	No. of shares '000	Share capital RM'000	FVOCI reserves RM'000	*Retained earnings RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2023		200,000	200,000	-	2,306,704	668,288	3,174,992
Profit for the financial year		-	-	-	276,357	121,530	397,887
Dividend paid during the financial year	20	-	-	-	-	(30,000)	(30,000)
At 30 June 2024		200,000	200,000	-	2,583,061	759,818	3,542,879
At 1 July 2024		200,000	200,000	-	2,583,061	759,818	3,542,879
Profit for the financial year		-	-	-	255,303	116,465	371,768
Other comprehensive income for the financial year		-	-	4,990	-	-	4,990
Dividend paid during the financial year	20	-	-	-	-	(40,000)	(40,000)
At 30 June 2025		200,000	200,000	4,990	2,838,364	836,283	3,879,637

* Included in the retained earnings as at 30 June 2025 is unallocated surplus in the insurance funds (net of deferred tax). These amounts are only distributable upon the actual recommended transfer from insurance funds to the Shareholders' Fund by the Appointed Actuary and the approval by the Board of Directors of the Company.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Note	2025 RM'000	2024 RM'000
Operating activities			
Net profit for the financial year		371,768	397,887
Adjustments for:			
Interest revenue from financial assets not measured at FVTPL	17	(85,566)	(53,153)
Net gains on FVTPL investments	17	(1,239,379)	(2,336,053)
Net losses on FVOCI investments		23	-
Other investment (income)/expenses	17	(8,868)	5,039
Proceeds from sale of fair value through FVTPL		4,634,929	4,352,351
Maturity of fair value through FVTPL	7(e)	1,005,081	576,794
Purchase of fair value through FVTPL		(5,529,621)	(6,030,526)
Proceeds from sale of fair value through FVOCI	7(e)	25,000	-
Purchase of fair value through FVOCI	7(e)	(641,683)	-
(Increase)/decrease in amortised cost financial assets	7(e)	(873,230)	66,900
Increase/(decrease) in derivatives		(7,174)	(4,776)
		(2,720,488)	(3,423,424)
Non-cash items:			
Depreciation of property, plant and equipment	3	3,981	4,137
Depreciation of right-of-use assets	5(a)	1,083	1,653
Gains on disposal of property, plant and equipment		-	(103)
Interest on subordinated notes		17,623	22,336
Related expenses on subordinated notes		180	179
Interest on lease liabilities		308	423
Amortisation of intangible assets	4	3,401	3,181
Addition of right of use	5(a)	(649)	(942)
Modification/termination of right of use	5(a)	1,927	25
Addition of lease		649	938
Modification/termination of lease		(774)	218
Tax expense	19	112,359	252,837
		140,088	284,882
Changes in working capital:			
Decrease in other receivables		25,640	31,208
Increase in other payables		71,891	35,740
Changes in insurance and reinsurance contract assets/liabilities		985,475	1,996,559
		1,083,006	2,063,507

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

	Note	2025 RM'000	2024 RM'000
Cash used in operating activities		(1,125,626)	(677,148)
Dividend income received		387,610	314,291
Interest income received		748,307	749,238
Rental expenses paid		(4,501)	(3,369)
Income taxes paid		(84,162)	(57,648)
Net cash (outflow)/inflow from operating activities		(78,372)	325,364
Investing activities			
Proceeds from sale of property, plant and equipment	3	-	103
Purchase of property, plant and equipment	3	(4,675)	(8,275)
Purchase of intangible assets	4	(997)	(678)
Net cash outflow from investing activities		(5,672)	(8,850)
Financing activities			
Dividends paid		(40,000)	(30,000)
Payment of lease liabilities		(2,357)	(2,126)
Interest paid on lease liabilities		(308)	(423)
Repayment of subordinated notes		(300,000)	-
Interest paid on subordinated notes		(22,302)	(22,367)
Related expenses paid on subordinated notes		(180)	(179)
Net cash outflow from financing activities		(365,147)	(55,095)
Net (decrease)/increase in cash and cash equivalents		(449,191)	261,419
Cash and cash equivalents at beginning of the financial year		1,465,776	1,204,357
Cash and cash equivalents at end of the financial year		1,016,585	1,465,776
Cash and cash equivalents comprise:			
Cash and bank balances		85,288	46,350
Deposits with maturity of less than 3 months			
- Licensed financial institutions		931,297	1,419,426
		1,016,585	1,465,776

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are mainly funded from the cash flows associated with the origination of insurance contracts, net the cash flows for payments of benefits and claims incurred for insurance contracts, which are treated under operating activities.

Analysis of changes in liabilities arising from financing activities is as follows:

	Note	2025 RM'000	2024 RM'000
Subordinated note			
Balance at the beginning of the financial year		604,679	604,710
Cash changes:			
- Repayment		(300,000)	-
- Interest paid		(22,302)	(22,367)
- Related expenses		(180)	(179)
Non-cash changes:			
- Accrued interest		17,623	22,336
- Accrued related expenses		180	179
Balance at the end of the financial year	15	300,000	604,679
Leases			
Balance at the beginning of the financial year		7,818	8,788
Cash changes:			
- Repayments		(2,357)	(2,126)
- Interest paid		(308)	(423)
Non-cash changes:			
- Addition		649	938
- Modification/termination of lease		(774)	218
- Accrued interest		308	423
Balance at the end of the financial year	5(b)	5,336	7,818

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 30, Menara Hong Leong, No 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur. The principal place of business of the Company is located at Level 3, Tower B, PJ City Development, No 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya.

The Company is engaged principally in the underwriting of life insurance business, including investment-linked and annuity businesses. There have been no significant changes in the nature of the principal activities during the financial year.

The immediate, penultimate and ultimate holding companies are HLA Holdings Sdn Bhd, Hong Leong Financial Group Berhad and Hong Leong Company (Malaysia) Berhad respectively, all companies incorporated in Malaysia.

The financial statements were authorised by the Board of Directors for issuance on 17 September 2025.

2. MATERIAL ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the financial statements.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income (''FVOCI'') and financial assets/financial liabilities at fair value through profit or loss (''FVTPL'') (including derivative financial instruments and revaluation of investment properties).

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported financial year. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the management and Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Insurers ("the RBC Framework") as at the date of the statement of financial position.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and the liabilities simultaneously. Income and expense will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to standards.

On 1 July 2024, the Company adopted the following amended MFRSs mandatory for annual financial years beginning on 1 July 2024.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 101 'Non-current liabilities with covenants'
- Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangement.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy (cont'd)

The adoption of the above amendments to standards issued by Malaysian Accounting Standards Board ("MASB") for the current financial year did not have any significant effects on the financial statements upon their initial recognition.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The following are standards and amendments to standards issued by MASB, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards and amendments to standards, if applicable, when they become effective:

Effective for financial years beginning on or after 1 July 2025
- Amendments to MFRS 121 'Lack of exchangeabilty'

Effective for financial years beginning on or after 1 July 2026
- Amendments to MFRS 1 'First time Adoption of Malaysian Financial Reporting Standards'
- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'
- Amendments to MFRS 107 'Statement of Cash Flow'
- MFRS 18 'Presentation and Disclosure in Financial Statements'

The adoption of the above standards and amendments to standards is not expected to have any material financial impact on the Company’s financial statements during the period in which they become effective, except for the amendments to MFRS 9 and MFRS 7, and MFRS 18. The management is currently assessing the detailed implications of applying these new or amended standards to the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies

(A) Intangible assets

Computer software

Computer software licenses acquired separately are capitalised on the basis of the costs incurred to acquire and apply the assets for their intended use. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Costs that are directly associated with knowledge-based software and computer applications which are unique to the requirements of the insurance business are recognised as intangible assets. These software and applications are expected to generate economic benefits beyond one year. Direct attributable costs include the software development employee costs and an appropriate portion of relevant overheads to prepare the asset for its intended use. These costs are recognised as assets and amortised over their useful lives which are estimated to be 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when it is incurred.

(B) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Costs of assets, includes expenditures that are directly atributable to the acquisition of the assets and any other costs that are directly attributable to bringing the asset to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the carrying amount of the assets when they are probable that future economic benefits associated with the items will flow to the Company and the costs of the items can be reliably estimated. All other repairs and maintenance are recognised as an expense when it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(B) Property, plant and equipment and depreciation (cont'd)

Freehold land and capital work-in-progress are not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. Depreciation of other property, plant and equipment is calculated to write off the cost of the assets to their residual values over the estimated useful lives, summarised as follows:

Leasehold land	Over the lease period
Leasehold buildings	Over the remaining period of the lease or 50 years, whichever is shorter
Freehold buildings	50 years
Furniture and fittings	10 years
Renovation, equipment and computers	5 - 10 years
Motor vehicles	5 years

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

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to Note 2.4(H)(ii) for accounting policy on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised within "realised gains and losses" in the statement of profit or loss.

The Company presents leasehold land and buildings which are right-of-use ("ROU") under property, plant and equipment in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(C) Investment properties

Investment properties are properties which are held either for rentals or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs.

Investment properties are subsequently carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are reviewed annually, and a formal valuation by an independent professional valuer is carried out once in every three years. All gains or losses arising from a change in fair value of investment properties are recognised in the statement of profit or loss.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the financial year in which they arise.

The Company presents leasehold land and buildings which are ROU assets under investment properties in the statement of financial position.

(D) Lease

From 1 July 2019, leases are recognised as ROU asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(D) Lease (cont'd)

Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company, and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

The Company applies the fair value model to ROU assets that meet the definition of investment properties of MFRS 140 Investment Property consistent with those investment properties owned by the Company. Refer to Note 2.4(C) for accounting policy on investment properties.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful lives and the lease terms on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(D) Lease (cont'd)

ROU assets (cont'd)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- the exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, an incremental borrowing rate is used in determining the discount rate which assumes the interest rate that the Company would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

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

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented under insurance service expenses in the statement of profit or loss.

Short term leases and leases of low value assets

The Company elects to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(E) Financial instruments

Financial assets

(i) Classification

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

- those to be measured subsequently at fair value through profit or loss ("FVTPL");
- those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and
- those to be measured at amortised cost ("AC").

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit and loss.

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

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(E) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement (cont'd)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on the following factors:

- The Company's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- **AC**

  Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. Interest income from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss as presented in net gains or losses on AC investments. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVTPL**

  Financial assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in the statement of profit or loss and presented as net gains or losses on FVTPL investments in the period which it arises.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(E) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement (cont'd)

Debt instruments (cont'd)

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories: (cont'd)

- **FVOCI**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the financial assets’ cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in statements of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statements of profit or loss, recognised as net gains or losses on FVOCI investments. Interest income from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuers' perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuers' net assets.

The Company subsequently measures all equity instruments at FVTPL. Dividends will be recognised in the statement of profit or loss as net gains or losses on FVTPL investments when the Company's right to receive payments is established.

Changes in fair value of financial assets at FVTPL are included in the net gains or losses on FVTPL investments in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(E) Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Reclassification policy

Reclassification of financial assets is required when, and only when, the Company changes its business model for managing the assets. In such cases, the Company is required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated at FVOCI even when there is a change in business model. Such designations are irrevocable.

Financial liabilities

Financial liabilities are measured at AC. Financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, financial liabilities are remeasured at AC using the effective interest rate. Financial liabilities are de-recognised when extinguished.

(F) Fair value of financial instruments

The fair values of Malaysian Government Securities, Government Investment Issues and unquoted corporate securities are based on indicative fair market prices/index.

The fair values of quoted securities are based on current market prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(G) Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the fair value of a derivative in the statement of profit or loss immediately.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designated its derivatives as hedges of the fair value of recognised assets (fair value hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(H) Impairment

(i) Financial assets

The two expected credit loss ("ECL") recognition approaches adopted by the Company are general approach and simplified approach.

(a) Financial assets accounted for at AC and FVOCI - general approach

ECL will be assessed using an approach which classified financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

Stage 1: 12-months ECL - not credit impaired

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(H) Impairment (cont'd)

(i) Financial assets (cont'd)

The two expected credit loss ("ECL") recognition approaches adopted by the Company are general approach and simplified approach. (cont'd)

(a) Financial assets accounted for at AC and FVOCI - general approach (cont'd)

The measurement of ECL reflects an unbiased and probability-weighted amount that is derived by evaluating a range of possible macroeconomic outcome, the time value of money together with reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

(b) Trade balances and other assets - simplified approach

The Company applies simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for other receivables. An entity that applies a provision matrix may use historical loss experience on its other receivables and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(H) Impairment (cont'd)

(ii) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of profit or loss immediately. Any subsequent increase in recoverable amount of non-financial asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the non-financial asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of profit or loss immediately.

(I) Cash and cash equivalents

Cash and cash equivalents consist of cash, balances and deposits held with financial institutions with maturities of three months or less that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held

Definition and Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to ‘insurance contracts’ include contracts issued, initiated or acquired by the Company unless otherwise stated.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under MFRS 9. The Company does not have any contracts that fall under this category.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held (cont'd)

Definition and Classification (cont'd)

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which the Company promises an investment return based on underlying items; they are contracts or which, at inception:

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

Direct participating contracts issued by the Company are contracts with direct participation features where the Company holds the pool of underlying assets and accounts for these group of contracts under the Variable Fee Approach (“VFA"). The VFA modifies the accounting model in MFRS 17 to reflect that the the Company receives a variable fee for the services provided to the contracts.

Unit of Account

The Company manages insurance contracts issued by product lines of similar risk nature and managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a financial year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contacts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held (cont'd)

Unit of Account (cont'd)

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity they have reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a financial year (annual cohorts) into groups of contract for which there is a net cost at initial recognition.

Recognition

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

The Company recognises a group of proportionate reinsurance contracts held at the later of the following:
- the beginning of the coverage period of the group of reinsurance contracts held; and
- the initial recognition of any underlying insurance contracts.

A group of non-proportionate reinsurance contracts held is recognised at the beginning of the coverage period of the group.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held (cont'd)

Separation

(i) Separating Components from Insurance and Reinsurance Contracts

The Company assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non insurance components). After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contracts. Currently, the Company’s contracts do not include distinct components that require separation.

Some life contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17. MFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. The surrender options are considered non-distinct investment components as the Company is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held (cont'd)

Level of aggregation

(a) Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into three groups based on the expected profitability of the contracts:
(i) contracts that are onerous at initial recognition, if any;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; or
(iii) remaining group of contracts, if any.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent remeasurement.

Level of aggregation is also affected by law or regulation which specifically constrains the Company’s practical ability to set a different price or level of benefits for policyholders with different characteristics.

(b) Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts into groups of:
(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the group, if any.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held (cont'd)

Contract boundary

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

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

FCF outside the boundary of the insurance contract are not recognised.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

The Company reassesses contract boundary of each group at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued

(i) Initial measurement - contracts not measured under the PAA

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

The confidence level approach was used to derive the risk adjustment. The Company estimates the probability distribution of the expected present value of the future cash flows of the insurance contracts at each reporting date and calculates the risk adjustment for non-financial risks as the excess of the value at risk at the target confidence interval over the expected present value of the future cash flows. The target confidence interval is set at 75th percentile, representing the compensation required by the Company for the exposure to non-financial risks.

The approach used to determine the risk adjustment for non-financial risks remains changed.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in the statement of profit or loss immediately, with no CSM recognised in the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(i) Initial measurement - contracts not measured under the PAA (cont'd)

Fulfilment cash flows

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

These cash flows comprise:

- premiums and any other costs specifically chargeable to the policyholders under the terms of the contract;
- payments to (or on behalf of) policyholders, including claims payments to policyholders, claims that have already been reported but not yet paid, incurred, future claims for which the Company has a substantive obligation and payments that vary on the return of the underlying items;
- insurance acquisition costs arise from the costs of selling, underwriting, and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs;
- claims handling, policy administrative, and maintenance costs;
- costs that the Company will incur in performing investment activities, providing investment-return service to policyholders of insurance contracts without direct participation feature, and providing investment-related service to policyholders of insurance contracts with direct participation features;
- transaction-based taxes and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis; and
- payments by the insurer in a fiduciary capacity to meet tax obligations incurred by the policyholders, and related receipts.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(i) Initial measurement - contracts not measured under the PAA (cont'd)

Fulfilment cash flows (cont'd)

The assumptions in relation to mortality, morbidity, expenses, lapse and discount rates are used for estimating the future cash flows of the insurance contracts. Such assumptions require a certain degree of professional judgement and therefore, actual experience may differ from the assumptions made by the Company.

Actual experience is monitored to assess whether the assumptions remain appropriate and assumptions are revised following experience studies on key assumptions carried out annually. Revision in the key assumptions may impact the estimate of future cash flows. Details of the key assumptions used in estimation of future cash flows are documented in Note 26.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

<u>Discount Rates</u>

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation. Details are provided in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(ii) Subsequent measurement - contracts not measured under the PAA

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

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

Changes relating to future service	Adjusted against CSM (or recognised in the insurance service result in the statement of profit or loss if the group is onerous)
Changes relating to current or past service	Recognised in the insurance service result in the statement of profit or loss
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as insurance finance income or expenses in the statement of profit or loss for portfolios measured under GMM. Adjusted against CSM for portfolio measured under VFA.

- The CSM is adjusted subsequently for changes in the Company's share of the fair value of the underlying items, and changes in FCF that relate to future services.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(ii) Subsequent measurement - contracts not measured under the PAA (cont'd)

Interest accretion on CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises these discount curves by calculating average discount curves weighted by annualied premium equivalent over the period during which the contracts in the group are recognised.

Release of the CSM to the statement of profit or loss

The amount of the CSM recognised in the statement of profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

Coverage units is determined by considering the insurance, investment return and investment related services provided by the contract. The quantity of benefits provided in a period refers to the amount that the Company is standing ready to pay to the policyholder, instead of the expected benefit outgo.

The coverage unit is determined based on the total maximum contractual benefit amount of the contract. For contract that provides multiple types of benefits, the coverage units will be the simple sum of all the maximum possible benefit amounts payable assuming all events happen concurrently.

Time value of money is not considered in determination of the coverage units.

The expected coverage period and calculation of coverage units takes into account of the actual term of the policy, adjusted to reflect expected lapses, claims and the impact of any other expected decrements over time.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(ii) Subsequent measurement - contracts not measured under the PAA (cont'd)

Onerous contracts- Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LFRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining components of the LFRC for the respective group of contracts, based on the ratio of the loss component to the fulfilment cash flows relating to the expected future cash outflows:

(a) expected incurred claims and other directly attributable expenses for the period;
(b) changes in the risk adjustment for non-financial risk for the risk expired; and
(c) finance income/(expenses) from insurance contracts issued.

The amounts of the loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the fulfilment cash flows in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the fulfilment cash flows in subsequent periods increase the loss component.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(iii) Initial recognition and subsequent measurement for contracts under PAA

For insurance contracts issued, on initial recognition, the Company measures the LFRC at the amounts of annualised premiums due.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LFRC and the LFIC, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

For insurance contract issued, at each of the subsequent reporting dates, the LFRC is:

a. adjusted for experience variance (premium variance); and
b. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.

Insurance acquisition cash flows are recognised as expenses when incurred and hence insurance acquisition cash flows will only be recognised in the LFIC.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(iii) Initial recognition and subsequent measurement for contracts under PAA (cont'd)

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amounts of annualised ceding premiums due, net of ceding commissions due.

The carrying amount of a group reinsurance contracts held at the end of each reporting period is the sum of the remaining coverage and the incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. adjusted for experience variance (ceding premium and ceding commission variance); and
b. decreased for the expected amonts of ceding premium and ceding commission recognised as reinsurance expenses for the services received in the period.

(iv) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group; and to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - insurance contracts issued (cont'd)

(iv) Insurance acquisition cash flows (cont'd)

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

The Company assesses at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company recognises an impairment in the statement of profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group.

(v) Derecognition and contract modification

An insurance contract is derecognised when it is:
- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified contract no longer meets the eligibility criteria for PAA;
(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - reinsurance contracts held

(i) Reinsurance contracts held not measured under the PAA

For groups of reinsurance contracts held, the Company applies the same accounting policies as that applied to insurance contracts measured under GMM, with the following modifications.

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

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

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

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance income or expenses as it receives insurance contract services from the reinsurer in the future.

The coverage unit is determined based on the sum-at-risk of the underlying contracts that is ceded to the reinsurer.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Measurement - reinsurance contracts held (cont'd)

(ii) Reinsurance contracts held measured under the PAA

The Company applies the same accounting policies as that applied to insurance contracts to measure a group of reinsurance contracts held under the PAA.

Amounts recognised in the statement of profit or loss

(i) Insurance service result from insurance contracts issued

Insurance service result comprises insurance revenue and insurance service expenses.

(a) Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LFRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

- Amounts relating to the changes in the LFRC:
  (a) expected claims and other directly attributable expenses incurred in the period excluding:
  i. amounts allocated to the loss component;
  ii. repayments of investment components and policyholder rights to withdraw an amount;
  iii. amounts of transaction-based taxes collected in a fiduciary
  iv. insurance acquisition expenses; and
  v. amounts related to the risk adjustment for non-financial risk (see (b)).

  (b) changes in the risk adjustment for non-financial risk, excluding:
  i. changes included in insurance finance income (expenses);
  ii. changes that relate to future coverage (which adjust the CSM); and
  iii. amounts allocated to the loss component.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Amounts recognised in the statement of profit or loss (cont'd)

(i) Insurance service result from insurance contracts issued (cont'd)

(a) Insurance revenue (cont'd)

- Amounts relating to the changes in the LFRC: (cont'd)
  (c) amounts of the CSM recognised for the services provided in the period;
  (d) experience adjustments - arising from premiums received in the period other than those that relate to future service; and
  (e) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

- Insurance acquisition cash flows recovery is determined based on the coverage units of a group of contracts.

(b) Insurance service expenses

Insurance service expenses include the following:
(a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
(b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows);
(c) insurance acquisition cash flows amortisation;
(d) changes that relate to past service - changes in the FCF relating to the LFIC; and
(e) changes that relate to future service - changes in the FCF that results in onerous contract losses or reversals of those losses.

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

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Amounts recognised in the statement of profit or loss (cont'd)

(i) Insurance service result from insurance contracts issued (cont'd)

(c) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
(a) the effect of the time value of money and changes in the time value of money; and
(b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:
(a) interest accreted on the FCF and the CSM; and
(b) the effect of changes in interest rates and other financial assumptions.

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

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses for life insurance.

The Company includes all insurance finance income or expenses for the year in the statement of profit or loss.

The Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to the statement of profit or loss using discount rates determined on initial recognition of the group of contracts.

Discounting is not applied to contracts measured under PAA, hence there will be no insurance finance income or expenses for contracts measured under PAA.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Amounts recognised in the statement of profit or loss (cont'd)

(ii) Insurance service result from reinsurance contracts held

(a) Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:
(a) reinsurance expenses;
(b) incurred claims recovery;
(c) other incurred directly attributable expenses; and
(d) changes that relate to past service - changes in the FCF relating to incurred claims recovery.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received reinsurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:
(a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
- repayments of investment components; and
- amounts related to the risk adjustment for non-financial risk (see (b)).

(b) changes in the risk adjustment for non-financial risk, excluding:
- changes included in finance income (expenses) from reinsurance contracts held; and
- changes that relate to future coverage (which adjust the CSM).

(c) amounts of the CSM recognised for the services received in the period; and
(d) experience adjustments - arising from ceded premiums in the period other than those that relate to future service.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(J) Insurance contracts issued and reinsurance contracts held (cont'd)

Amounts recognised in the statement of profit or loss (cont'd)

(ii) Insurance service result from reinsurance contracts held (cont'd)

(a) Net income (expenses) from reinsurance contracts held (cont'd)

For groups of reinsurance contracts held measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

(K) Other income recognition

Interest income including the amount of amortisation of premiums and accretion of discounts, is recognised using the effective yield method.

Rental income is recognised on an accrual basis, except where default in payment of rent has already occurred and rent due remains outstanding for over six months in which case recognition of rental income is suspended. Subsequent to suspension, income is recognised on a receipt basis until all arrears have been paid.

Dividend income is recognised when the right to receive payment is established.

(L) Taxation

Taxation on the statement of profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of tax payable in respect of the taxable income for the financial year, using tax rates enacted or substantially enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is provided in full using the liability method, on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(L) Taxation (cont'd)

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates enacted or substantially enacted at the date of the statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(M) Foreign currencies

Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Transaction and balances

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

(N) Dividends

Dividends on ordinary shares are accounted for in the shareholders' equity as an appropriation of retained earnings in the period in which they are declared.

(O) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions and other non-monetary benefits are recognised as expenses in the financial year in which the associated services are rendered by employees of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2 . MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(O) Employee benefits (cont'd)

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pay fixed contributions into a fund, either managed by a separate entity or internally on a mandatory, contractual or voluntary basis and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial years.

The Company also contributes to a national defined contribution plan (the Employees Provident Fund) on a mandatory basis and the amounts contributed to the plan are charged to the statement of profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(P) Provisions and Payables

Provisions are recognised when the Company has a present legal constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and when a reliable estimate of the amount can be made.

Payables are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method. The acquisition cost and maintenance cost payable under MFRS 17 Insurance Contracts are included under other payables as the Company deemed such cash flows should be removed from the LFRC and/or LFIC under MFRS 17 once they are incurred and recognised under other MFRSs.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Summary of material accounting policies (cont'd)

(Q) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(R) Critical judgements made in applying accounting policies

In the preparation of the Company's financial statements, management makes estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities at reporting date. Estimates, assumptions and judgements are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Insurance and reinsurance contracts

- The estimate of future cash flows is the Company's most critical accounting estimate. The assumptions in relation to mortality, morbidity, expenses, lapse and discount rates are used for estimating the future cash flows of the contract.
- Risk adjustment for non-financial risk
- CSM

Details are provided in Note 2.4 (J) and Note 26.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	Land		Buildings						
	Freehold RM'000	Leasehold* RM'000	Freehold RM'000	Leasehold* RM'000	Furniture and fittings RM'000	Renovation, equipment and computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 July 2023	2,451	2,205	2,353	78,280	2,225	58,022	1,586	8,727	155,849
Additions	-	-	-	-	50	1,503	409	6,313	8,275
Disposal	-	-	-	-	-	-	(280)	-	(280)
Reclassification (Note 4)	-	-	-	-	-	878	-	(5,267)	(4,389)
At 30 June 2024	2,451	2,205	2,353	78,280	2,275	60,403	1,715	9,773	159,455
At 1 July 2024	2,451	2,205	2,353	78,280	2,275	60,403	1,715	9,773	159,455
Additions	-	-	-	-	75	1,118	122	3,360	4,675
Reclassification (Note 4)	-	-	-	-	-	1,357	-	(3,502)	(2,145)
At 30 June 2025	2,451	2,205	2,353	78,280	2,350	62,878	1,837	9,631	161,985

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2.4(D).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land		Buildings		Furniture and fittings	Renovation, equipment and computers	Motor vehicles	Capital work-in-progress	Total
	Freehold RM'000	Leasehold* RM'000	Freehold RM'000	Leasehold* RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation									
At 1 July 2023	-	827	375	23,103	2,070	52,555	705	-	79,635
Charge for the year (Note 18)	-	31	47	1,566	40	2,183	270	-	4,137
Disposal	-	-	-	-	-	-	(280)	-	(280)
At 30 June 2024	-	858	422	24,669	2,110	54,738	695	-	83,492
At 1 July 2024	-	858	422	24,669	2,110	54,738	695	-	83,492
Charge for the year (Note 18)	-	32	48	1,564	38	1,998	301	-	3,981
At 30 June 2025	-	890	470	26,233	2,148	56,736	996	-	87,473

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2.4(D).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land		Buildings						
	Freehold RM'000	Leasehold* RM'000	Freehold RM'000	Leasehold* RM'000	Furniture and fittings RM'000	Renovation, equipment and computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Net carrying amount									
At 30 June 2024	2,451	1,347	1,931	53,611	165	5,665	1,020	9,773	75,963
At 30 June 2025	2,451	1,315	1,883	52,047	202	6,142	841	9,631	74,512

Included in property, plant and equipment are fully depreciated assets which are still in use as follows:

	Land		Buildings						
	Freehold RM'000	Leasehold* RM'000	Freehold RM'000	Leasehold* RM'000	Furniture and fittings RM'000	Renovation, equipment and computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At cost									
At 30 June 2024	-	-	-	-	1,908	45,912	307	-	48,127
At 30 June 2025	-	-	-	-	1,945	51,873	307	-	54,125

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2.4(D).

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

	2025 RM'000	2024 RM'000
Cost		
At 1 July	96,176	91,109
Additions	997	678
Reclassification (Note 3)	2,145	4,389
At 30 June	99,318	96,176
Accumulated amortisation		
At 1 July	86,959	83,778
Charge for the year (Note 18)	3,401	3,181
At 30 June	90,360	86,959
Net carrying amount	8,958	9,217

5. LEASES

(a) Right-of-use assets

	2025 RM'000	2024 RM'000
At 1 July	7,439	8,175
Addition of right of use	649	942
Modification/termination of right of use	(1,927)	(25)
Depreciation charge for the year	(1,083)	(1,653)
At 30 June	5,078	7,439

NOTES TO THE FINANCIAL STATEMENTS

5. LEASES (CONT'D)

(b) Lease liabilities

	2025 RM'000	2024 RM'000
Lease liabilities	5,336	7,818

Scheduled repayment of lease liabilities, showing contractual discounted cash flows:

	2025 RM'000	2024 RM'000
Scheduled repayment of lease liabilities		
- Up to 1 year	1,935	2,237
- 1 to 5 years	3,043	4,833
- Over 5 years	358	748
	5,336	7,818

6. INVESTMENT PROPERTIES

	2025 RM'000	2024 RM'000
At 1 July	471,630	471,630
Fair value gains	2,070	-
At 30 June	473,700	471,630
The analysis of investment properties is as follows:		
Freehold land and building	471,000	469,000
Leasehold land and building *	2,700	2,630
	473,700	471,630

* Leasehold land are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2.4(D).

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT PROPERTIES (CONT'D)

The fair values of the investment properties were revalued by an independent professional valuer, Raine & Horne International Zaki + Partners Sdn Bhd who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. Fair value changes are recorded in the statement of profit or loss.

Valuation techniques adopted
Pursuant to MFRS 13 Fair Value Measurement, the Company establishes a fair value hierarchy that categorises into three levels of inputs to valuation techniques used to measure fair value as disclosed in Note 28.

	2025 RM'000	2024 RM'000
Level 2	2,700	2,630
Level 3	471,000	469,000
	473,700	471,630

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	2025 RM'000	2024 RM'000
At 1 July	469,000	469,000
Fair value gains	2,000	-
At 30 June	471,000	469,000

NOTES TO THE FINANCIAL STATEMENTS

6 . INVESTMENT PROPERTIES (CONT'D)

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Valuation Technique	Unobservable input	2025	2024
Comparison & Investment Method	Term Yield	6.00%	6.00%
	Revisionary Rate	6.50% - 6.70%	6.50% - 6.70%
	Average rental per square feet (net)	RM2.09 - RM3.87	RM2.09 - RM3.85
	Discount Rate	6.50% - 6.70%	6.50% - 6.70%
	Estimated value per square feet	RM521.38 - RM804.33	RM521.38 - RM799.11

The investment properties generated rental income and incurred the following direct expense

	2025 RM'000	2024 RM'000
Rental income generated	7,779	6,868
Direct operating expenses	(12,188)	(10,287)
	(4,409)	(3,419)

Based on the fair value assessment of the investment properties, the Company does not expect that any reasonable changes in the key assumptions will cause material fluctuations in their fair value. In conclusion, the key assumptions are not sensitive.

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL ASSETS

	2025 RM'000	2024 RM'000
Malaysian Government Securities and other government guaranteed assets	9,489,490	9,519,615
Corporate bonds	6,895,067	6,716,645
Equity securities	5,250,042	5,157,679
Unit trusts and real estate investment trusts	2,802,516	2,497,845
Deposits with financial institutions	3,457,148	2,407,301
	27,894,263	26,299,085

The Company's financial assets are summarised by categories as follows:

	2025 RM'000	2024 RM'000
FVTPL financial assets	25,968,499	25,886,702
FVOCI financial assets	630,028	-
AC financial assets	1,295,736	412,383
	27,894,263	26,299,085
The following investments mature within 12 months:		
FVTPL financial assets	1,322,524	1,043,355
AC financial assets	1,295,736	412,383
	2,618,260	1,455,738
The following investments mature after 12 months:		
FVTPL financial assets	24,645,975	24,843,347
FVOCI financial assets	630,028	-
	25,276,003	24,843,347

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL ASSETS (CONT'D)

(a) FVTPL financial assets

	2025 RM'000	2024 RM'000
At fair value:		
Malaysian Government Securities and other government guaranteed assets	9,461,956	9,519,615
Corporate bonds		
- Unquoted in Malaysia	6,286,110	6,709,585
- Unquoted outside Malaysia	6,463	7,060
Equity securities		
- Quoted in Malaysia *	4,738,355	4,520,828
- Quoted outside Malaysia	381,343	506,158
- Unquoted in Malaysia	130,344	130,693
Unit trusts and real estate investment trusts		
- Quoted in Malaysia	301,602	214,086
- Quoted outside Malaysia	96,831	7,647
- Unquoted in Malaysia	2,393,631	2,276,112
- Unquoted outside Malaysia	10,452	-
Deposits with financial institutions	2,161,412	1,994,918
	25,968,499	25,886,702

* As at 30.06.2025, includes Hong Leong Financial Group Berhad ("HLFG") ordinary shares held by RHB Trustees Berhad for the Executive Share Scheme.

(b) FVOCI financial assets

	2025 RM'000	2024 RM'000
At fair value:		
Malaysian Government Securities and other Government guaranteed assets	27,534	-
Corporate bonds		
- Unquoted in Malaysia	602,494	-
	630,028	-

(c) AC financial assets

	2025 RM'000	2024 RM'000
At cost:		
Deposits with financial institutions	1,295,736	412,383

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL ASSETS (CONT'D)

(d) The carrying amount of the financial assets by product line is as follows:

	2025 RM'000	2024 RM'000
Underlying assets		
Malaysian Government Securities and other government guaranteed assets	6,663,852	6,681,366
Corporate bonds	3,760,667	4,019,336
Equity securities	4,390,301	4,399,569
Unit trusts and real estate investment trusts	2,723,023	2,409,624
Deposits with financial institutions	2,498,772	2,025,948
	20,036,615	19,535,843
Other investments		
Malaysian Government Securities and other government guaranteed assets	2,825,638	2,838,249
Corporate bonds	3,134,400	2,697,309
Equity securities	859,741	758,110
Unit trusts and real estate investment trusts	79,493	88,221
Deposits with financial institutions	958,376	381,353
	7,857,648	6,763,242
Total investment assets	27,894,263	26,299,085

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL ASSETS (CONT'D)

(e) Carrying value of financial instruments

	FVTPL RM'000	AC RM'000	Total RM'000
At 1 July 2023	23,556,895	473,433	24,030,328
Purchases	6,040,466	-	6,040,466
Maturities	(576,794)	-	(576,794)
Disposals	(4,407,814)	-	(4,407,814)
Realised gains	136,518	-	136,518
Fair value gains	1,133,138	-	1,133,138
Placement of deposits net of maturity	-	(66,900)	(66,900)
Movement in accrued interest	4,293	5,850	10,143
At 30 June 2024	25,886,702	412,383	26,299,085

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL ASSETS (CONT'D)

(e) Carrying value of financial instruments (cont'd)

	FVTPL RM'000	FVOCI RM'000	AC RM'000	Total RM'000
At 1 July 2024	25,886,702	-	412,383	26,299,085
Purchases	5,500,758	641,683	-	6,142,441
Maturities	(1,005,081)	-	-	(1,005,081)
Disposals	(4,530,250)	(25,000)	-	(4,555,250)
Realised losses	(49,065)	(23)	-	(49,088)
Fair value gains recorded in:				
- Profit or loss	176,420	-		176,420
- OCI	-	6,614	-	6,614
Movement in credit impairment losses	-	(13)	-	(13)
Placement of deposits net of maturity	-	-	873,230	873,230
Movement in accrued interest	(10,985)	6,767	10,123	5,905
At 30 June 2025	25,968,499	630,028	1,295,736	27,894,263

7 . FINANCIAL ASSETS (CONT'D)

(f) Amounts arising from expected credit loss:

	Stage 1*		Total	
	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
At 1 July 2024	-	-	-	-
Originated or purchased	641,683	13	641,683	13
Matured or disposal	(25,000)	-	(25,000)	-
Remeasurements	13,345	-	13,345	-
Total impairment charge for the year	630,028	13	630,028	13
At 30 June 2025	630,028	13	630,028	13

* ECL are all Stage 1 (12-month ECL) impairment model.

NOTES TO THE FINANCIAL STATEMENTS

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

Insurance contracts and reinsurance contracts held

	Assets RM'000	Liabilities RM'000	Total RM'000
30.06.2025			
Insurance contracts liabilities not measured under the PAA	(50,076)	24,316,956	24,266,880
Insurance contracts liabilities measured under the PAA	(11,676)	35,910	24,234
Assets for insurance acquisition cash flows not measured under the PAA	-	(19,500)	(19,500)
	(61,752)	24,333,366	24,271,614
Reinsurance contracts liabilities not measured under the PAA	95,800	(37,243)	58,557
Reinsurance contracts liabilities measured under the PAA	982	(349)	633
	96,782	(37,592)	59,190
Amount expected to be recovered/settled within 12 months	(69,070)	13,046,920	12,977,850
Amount expected to be recovered/settled more than 12 months	(89,464)	11,324,038	11,234,574

NOTES TO THE FINANCIAL STATEMENTS

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

Insurance contracts and reinsurance contracts held (cont'd)

	Assets RM'000	Liabilities RM'000	Total RM'000
30.06.2024			
Insurance contracts liabilities not measured under the PAA	(83,629)	23,325,094	23,241,465
Insurance contracts liabilities measured under the PAA	(11,560)	76,738	65,178
Assets for insurance acquisition cash flows not measured under the PAA	-	(26,000)	(26,000)
	(95,189)	23,375,832	23,280,643
Reinsurance contracts liabilities not measured under the PAA	95,217	(41,831)	53,386
Reinsurance contracts liabilities measured under the PAA	308	-	308
	95,525	(41,831)	53,694
Amount expected to be recovered/settled within 12 months	(74,620)	12,329,363	12,254,743
Amount expected to be recovered/settled more than 12 months	(116,094)	11,088,300	10,972,206

NOTES TO THE FINANCIAL STATEMENTS

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract assets as at 1 July	(103,775)	11,552	8,594	-	(83,629)
Insurance contract liabilities as at 1 July	19,062,463	24,649	4,237,982	-	23,325,094
Net insurance contract (assets)/liabilities as at 1 July	18,958,688	36,201	4,246,576	-	23,241,465
Insurance revenue					
Contracts under the modified retrospective approach	(554,564)	-	-	-	(554,564)
Contracts under the fair value approach	(828,413)	-	-	-	(828,413)
Other contracts	(416,773)	-	-	-	(416,773)
Total insurance revenue	(1,799,750)	-	-	-	(1,799,750)
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	1,445,851	-	1,445,851
Amortisation of insurance acquisition cash flows	106,887	-	-	-	106,887
Losses on onerous contracts and reversal of those lossses	-	48,178	-	-	48,178
Total insurance service expense	106,887	48,178	1,445,851	-	1,600,916
Insurance service result	(1,692,863)	48,178	1,445,851	-	(198,834)

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (cont'd)

	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance finance expenses	837,162	318	164,826	-	1,002,306
Total changes in the statement of profit or loss	(855,701)	48,496	1,610,677	-	803,472
Investment components	(1,215,919)	-	1,215,919	-	-
Cash flows					
Premiums received	3,047,612	-	-	-	3,047,612
Claims and other insurance service expenses paid	-	-	(2,582,039)	-	(2,582,039)
Insurance acquisition cash flows	(237,445)	-	-	-	(237,445)
Total cash flows	2,810,167	-	(2,582,039)	-	228,128
Derecognition of assets for insurance acquisition cash flows	(6,185)	-	-	-	(6,185)
Net insurance contract (assets)/liabilities as at 30 June	19,691,050	84,697	4,491,133	-	24,266,880
Insurance contract assets as at 30 June	(96,154)	35,730	10,348	-	(50,076)
Insurance contract liabilities as at 30 June	19,787,204	48,967	4,480,785	-	24,316,956
Net insurance contract (assets)/liabilities as at 30 June	19,691,050	84,697	4,491,133	-	24,266,880

NOTES TO THE FINANCIAL STATEMENTS

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (cont'd)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract assets as at 1 July	(103,099)	2,579	9,176	-	(91,344)
Insurance contract liabilities as at 1 July	17,332,365	15,303	4,011,184	-	21,358,852
Net insurance contract (assets)/liabilities as at 1 July	17,229,266	17,882	4,020,360	-	21,267,508
Insurance revenue					
Contracts under the modified retrospective approach	(598,470)	-	-	-	(598,470)
Contracts under the fair value approach	(842,974)	-	-	-	(842,974)
Other contracts	(240,325)	-	-	-	(240,325)
Total insurance revenue	(1,681,769)	-	-	-	(1,681,769)
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	1,403,762	-	1,403,762
Amortisation of insurance acquisition cash flows	84,507	-	-	-	84,507
Losses on onerous contracts and reversal of those lossses	-	18,268	-	-	18,268
Total insurance service expense	84,507	18,268	1,403,762	-	1,506,537
Insurance service result	(1,597,262)	18,268	1,403,762	-	(175,232)

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (cont'd)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance finance expenses	1,681,529	51	155,279	-	1,836,859
Total changes in the statement of profit or loss	84,267	18,319	1,559,041	-	1,661,627
Investment components	(1,103,748)	-	1,103,748	-	-
Cash flows					
Premiums received	3,017,230	-	-	-	3,017,230
Claims and other insurance service expenses paid	-	-	(2,436,573)	-	(2,436,573)
Insurance acquisition cash flows	(262,142)	-	-	-	(262,142)
Total cash flows	2,755,088	-	(2,436,573)	-	318,515
Derecognition of assets for insurance acquisition cash flows	(6,185)	-	-	-	(6,185)
Net insurance contract (assets)/liabilities as at 30 June	18,958,688	36,201	4,246,576	-	23,241,465
Insurance contract assets as at 30 June	(103,775)	11,552	8,594	-	(83,629)
Insurance contract liabilities as at 30 June	19,062,463	24,649	4,237,982	-	23,325,094
Net insurance contract (assets)/liabilities as at 30 June	18,958,688	36,201	4,246,576	-	23,241,465

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(i) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach

	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract assets as at 1 July	(11,756)	-	183	13	(11,560)
Insurance contract liabilities as at 1 July	11,034	-	59,740	5,964	76,738
Net insurance contract (assets)/liabilities as at 1 July	(722)	-	59,923	5,977	65,178
Insurance revenue					
Other contracts	(101,207)	-	-	-	(101,207)
Total insurance revenue	(101,207)	-	-	-	(101,207)
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	85,967	(3,113)	82,854
Total insurance service expense	-	-	85,967	(3,113)	82,854
Insurance service result	(101,207)	-	85,967	(3,113)	(18,353)
Total changes in the statement of profit or loss	(101,207)	-	85,967	(3,113)	(18,353)

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(i) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (cont'd)

	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows					
Premiums received	94,410	-	-	-	94,410
Claims and other insurance service expenses paid	-	-	(116,686)	-	(116,686)
Total cash flows	94,410	-	(116,686)	-	(22,276)
Other movements	-	-	(315)	-	(315)
Net insurance contract (assets)/liabilities as at 30 June	(7,519)	-	28,889	2,864	24,234
Insurance contract assets as at 30 June	(11,967)	-	273	18	(11,676)
Insurance contract liabilities as at 30 June	4,448	-	28,616	2,846	35,910
Net insurance contract (assets)/liabilities as at 30 June	(7,519)	-	28,889	2,864	24,234

NOTES TO THE FINANCIAL STATEMENTS

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(i) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (cont'd)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract assets as at 1 July	(11,749)	-	288	21	(11,440)
Insurance contract liabilities as at 1 July	8,223	-	27,636	2,749	38,608
Net insurance contract (assets)/liabilities as at 1 July	(3,526)	-	27,924	2,770	27,168
Insurance revenue					
Other contracts	(95,019)	-	-	-	(95,019)
Total insurance revenue	(95,019)	-	-	-	(95,019)
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	103,814	3,207	107,021
Total insurance service expense	-	-	103,814	3,207	107,021
Insurance service result	(95,019)	-	103,814	3,207	12,002
Total changes in the statement of profit or loss	(95,019)	-	103,814	3,207	12,002

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(i) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (cont'd)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows					
Premiums received	97,823	-	-	-	97,823
Claims and other insurance service expenses paid	-	-	(71,500)	-	(71,500)
Total cash flows	97,823	-	(71,500)	-	26,323
Other movements	-	-	(315)	-	(315)
Net insurance contract (assets)/liabilities as at 30 June	(722)	-	59,923	5,977	65,178
Insurance contract assets as at 30 June	(11,756)	-	183	13	(11,560)
Insurance contract liabilities as at 30 June	11,034	-	59,740	5,964	76,738
Net insurance contract (assets)/liabilities as at 30 June	(722)	-	59,923	5,977	65,178

NOTES TO THE FINANCIAL STATEMENTS

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach

	2025			
	Estimates of the present value of future cash flows	**Risk adjustment**	**Contractual service margin**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Insurance contract assets as at 1 July	(116,503)	20,093	12,781	(83,629)
Insurance contract liabilities as at 1 July	21,194,097	427,501	1,703,496	23,325,094
Net insurance contract (assets)/liabilities as at 1 July	21,077,594	447,594	1,716,277	23,241,465
Changes that relate to current services				
Contractual service margin recognised for services provided	-	-	(158,332)	(158,332)
Risk adjustment for non-financial risk expired	-	(60,829)	-	(60,829)
Experience adjustments	(27,851)	-	-	(27,851)
Changes that relate to future services				
Contracts initially recognised in the financial year	(253,091)	40,120	214,071	1,100
Changes in estimates that adjust the contractual service margin	196,849	62,584	(259,433)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	45,177	1,901	-	47,078
Insurance service result	(38,916)	43,776	(203,694)	(198,834)
Insurance finance expenses	988,221	4,391	9,694	1,002,306
Total changes in the statement of profit or loss	949,305	48,167	(194,000)	803,472

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (cont'd)

	2025			
	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Cash flows				
Premiums received	3,047,612	-	-	3,047,612
Claims and other directly attributable expenses paid	(2,582,039)	-	-	(2,582,039)
Insurance acquisition cash flows	(237,445)	-	-	(237,445)
Total cash flows	228,128	-	-	228,128
Derecognition of assets for insurance acquisition cash flows	(6,185)	-	-	(6,185)
Net insurance contract (assets)/liabilities as at 30 June	22,248,842	495,761	1,522,277	24,266,880
Insurance contract assets as at 30 June	(76,995)	19,010	7,909	(50,076)
Insurance contract liabilities as at 30 June	22,325,837	476,751	1,514,368	24,316,956
Net insurance contract (assets)/liabilities as at 30 June	22,248,842	495,761	1,522,277	24,266,880

NOTES TO THE FINANCIAL STATEMENTS

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (cont'd)

	2024			
	Estimates of the present value of future cash flows	**Risk adjustment**	**Contractual service margin**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Insurance contract assets as at 1 July	(139,437)	14,084	34,009	(91,344)
Insurance contract liabilities as at 1 July	19,252,954	365,867	1,740,031	21,358,852
Net insurance contract (assets)/liabilities as at 1 July	19,113,517	379,951	1,774,040	21,267,508
Changes that relate to current services				
Contractual service margin recognised for services provided	-	-	(163,342)	(163,342)
Risk adjustment for non-financial risk expired	-	(48,700)	-	(48,700)
Experience adjustments	18,542	-	-	18,542
Changes that relate to future services				
Contracts initially recognised in the financial year	(285,869)	43,224	242,812	167
Changes in estimates that adjust the contractual service margin	78,879	68,849	(147,728)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	17,335	766	-	18,101
Insurance service result	(171,113)	64,139	(68,258)	(175,232)
Insurance finance expenses	1,822,860	3,504	10,495	1,836,859
Total changes in the statement of profit or loss	1,651,747	67,643	(57,763)	1,661,627

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (cont'd)

	2024			
	Estimates of the present value of future cash flows	**Risk adjustment**	**Contractual service margin**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows				
Premiums received	3,017,230	-	-	3,017,230
Claims and other directly attributable expenses paid	(2,436,573)	-	-	(2,436,573)
Insurance acquisition cash flows	(262,142)	-	-	(262,142)
Total cash flows	318,515	-	-	318,515
Derecognition of assets for insurance acquisition cash flows	(6,185)	-	-	(6,185)
Net insurance contract (assets)/liabilities as at 30 June	21,077,594	447,594	1,716,277	23,241,465
Insurance contract assets as at 30 June	(116,503)	20,093	12,781	(83,629)
Insurance contract liabilities as at 30 June	21,194,097	427,501	1,703,496	23,325,094
Net insurance contract (assets)/liabilities as at 30 June	21,077,594	447,594	1,716,277	23,241,465

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(iii) Analysis by reconciliation of assets for insurance acquisition cash flows not measured under the premium allocation approach

	2025 RM'000	2024 RM'000
Opening balance	26,000	-
Assets recognised for insurance acquisition cash flows paid during the year	-	32,500
Allocation to groups of insurance contracts	(6,500)	(6,500)
Net closing balance	19,500	26,000
Closing liabilities/ Net closing balance	19,500	26,000

The following table illustrates when the Company expects to derecognise the assets for insurance acquisition cash flows and include those cash flows in the measurement of the insurance contracts to which they are allocated:

	1 year RM'000	2 years RM'000	3 years RM'000	4 years RM'000	5 years RM'000	Total RM'000
30 June 2025						
Assets for insurance acquisition cash flows	-	-	6,500	6,500	6,500	19,500
30 June 2024						
Assets for insurance acquisition cash flows	-	6,500	6,500	6,500	6,500	26,000

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)

(iv) Impact of contracts recognised during the year - contracts not measured under the premium allocation approach

The components of new business for insurance contract issued portfolios is disclosed in the table below:

	2025			2024		
	Contracts issued			Contracts issued		
	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance contract liabilities						
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	1,200,732	14,864	1,215,596	1,455,453	1,569	1,457,022
Estimates of insurance acquisition cash flows*	183,007	2,963	185,970	200,689	2,643	203,332
Estimate of present value of future cash outflows	1,383,739	17,827	1,401,566	1,656,142	4,212	1,660,354
Estimates of present value of future cash inflows	(1,636,982)	(17,675)	(1,654,657)	(1,941,922)	(4,301)	(1,946,223)
Risk adjustment	39,172	948	40,120	42,968	256	43,224
CSM	214,071	-	214,071	242,812	-	242,812
Amount included in insurance contract liabillities for the year	-	1,100	1,100	-	167	167

* Derecognition of insurance actual cash flow was included in estimates of insurance acquisition cash flows.

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(v) Amounts determined on transition to MFRS 17

The impact on the current year of the transition approaches adopted to establishing CSMs for insurance contracts portfolios included in the life insurance unit is disclosed in the table below:

	2025			
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
	RM'000	RM'000	RM'000	RM'000
Contractual service margin as at 1 July	964,316	390,041	361,920	1,716,277
Changes that relate to current services				
Contractual service margin recognised for services provided	(90,081)	(34,619)	(33,632)	(158,332)
Changes that relate to future services				
Contracts initially recognised in the year	-	-	214,071	214,071
Changes in estimates that adjust the contractual service margin	(109,127)	(28,702)	(121,604)	(259,433)
Insurance service result	(199,208)	(63,321)	58,835	(203,694)
Insurance finance expense	2,933	4,900	1,861	9,694
Total changes in the statement of profit or loss	(196,275)	(58,421)	60,696	(194,000)
Contractual service margin as at 30 June	768,041	331,620	422,616	1,522,277

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(a) Insurance contracts issued (cont'd)
(v) Amounts determined on transition to MFRS 17 (cont'd)

The impact on the current year of the transition approaches adopted to establishing CSMs for insurance contracts portfolios included in the life insurance unit is disclosed in the table below (cont'd):

	2024			
	Contracts using the modified retrospective approach	**Contracts using the fair value approach**	**All other contracts**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contractual service margin as at 1 July	1,028,271	518,073	227,696	1,774,040
Changes that relate to current services				
Contractual service margin recognised for services provided	(92,127)	(47,726)	(23,489)	(163,342)
Changes that relate to future services				
Contracts initially recognised in the year	4	-	242,808	242,812
Changes in estimates that adjust the contractual service margin	24,820	(85,986)	(86,562)	(147,728)
Insurance service result	(67,303)	(133,712)	132,757	(68,258)
Insurance finance expense	3,348	5,680	1,467	10,495
Total changes in the statement of profit or loss	(63,955)	(128,032)	134,224	(57,763)
Contractual service margin as at 30 June	964,316	390,041	361,920	1,716,277

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held

(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach

	2025			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets as at 1 July	(49,980)	-	145,197	95,217
Reinsurance contract liabilities as at 1 July	(126,416)	-	84,585	(41,831)
Net reinsurance contract assets/(liabilities) as at 1 July	(176,396)	-	229,782	53,386
Allocation of reinsurance premiums:				
Amounts relating to the changes in the assets for remaining coverage	(219,718)	-	-	(219,718)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the year	-	-	181,876	181,876
Net income or expense from reinsurance contracts held	(219,718)	-	181,876	(37,842)
Reinsurance finance income	(4,785)	-	-	(4,785)
Total changes in the statement of profit or loss	(224,503)	-	181,876	(42,627)

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach (cont'd)

	2025			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Cash flows				
Premiums paid	237,878	-	-	237,878
Amounts received	-	-	(190,080)	(190,080)
Total cash flows	237,878	-	(190,080)	47,798
Net reinsurance contract assets/(liabilities) as at 30 June	(163,021)	-	221,578	58,557
Rensurance contract assets as at 30 June	(58,124)	-	153,924	95,800
Rensurance contract liabilities as at 30 June	(104,897)	-	67,654	(37,243)
Net reinsurance contract assets/(liabilities) as at 30 June	(163,021)	-	221,578	58,557

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)

(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach (cont'd)

	2024			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets as at 1 July	(5,849)	-	112,283	106,434
Reinsurance contract liabilities as at 1 July	(91,841)	-	49,092	(42,749)
Net reinsurance contract assets/(liabilities) as at 1 July	(97,690)	-	161,375	63,685
Allocation of reinsurance premiums:				
Amounts relating to the changes in the assets for remaining coverage	(183,956)	-	-	(183,956)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the year	-	-	153,205	153,205
Net income or expense from reinsurance contracts held	(183,956)	-	153,205	(30,751)
Reinsurance finance income	2,038	-	-	2,038
Total changes in the statement of profit or loss	(181,918)	-	153,205	(28,713)

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach (cont'd)

	2024			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Cash flows				
Premiums paid	103,212	-	-	103,212
Amounts received	-	-	(84,798)	(84,798)
Total cash flows	103,212	-	(84,798)	18,414
Net reinsurance contract assets/(liabilities) as at 30 June	(176,396)	-	229,782	53,386
Rensurance contract assets as at 30 June	(49,980)	-	145,197	95,217
Rensurance contract liabilities as at 30 June	(126,416)	-	84,585	(41,831)
Net reinsurance contract assets/(liabilities) as at 30 June	(176,396)	-	229,782	53,386

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach

	2025			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets as at 1 July	(29)	-	337	308
Reinsurance contract liabilities as at 1 July	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 July	(29)	-	337	308
Allocation of reinsurance premiums:				
Amounts relating to the changes in the assets for remaining coverage	(3,043)	-	-	(3,043)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the year	-	-	3,233	3,233
Net income or expense from reinsurance contracts held	(3,043)	-	3,233	190
Total changes in the statement of profit or loss	(3,043)	-	3,233	190

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (cont'd)

	2025			
	Assets for remaining coverage		**Amounts recoverable on incurred claims**	
	Excluding loss recovery component/ gain component	**Loss recovery component/ gain component**	**Estimates of the present value of future cash flows**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows				
Premiums paid	1,000	-	-	1,000
Amounts received	-	-	(865)	(865)
Total cash flows	1,000	-	(865)	135
Net reinsurance contract assets/(liabilities) as at 30 June	(2,072)	-	2,705	633
Rensurance contract assets as at 30 June	(188)	-	1,170	982
Rensurance contract liabilities as at 30 June	(1,884)	-	1,535	(349)
Net reinsurance contract assets/(liabilities) as at 30 June	(2,072)	-	2,705	633

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)

(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (cont'd)

	2024			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets as at 1 July	(428)	-	1,029	601
Reinsurance contract liabilities as at 1 July	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 July	(428)	-	1,029	601
Allocation of reinsurance premiums:				
Amounts relating to the changes in the assets for remaining coverage	(1,471)	-	-	(1,471)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the year	-	-	632	632
Net income or expense from reinsurance contracts held	(1,471)	-	632	(839)
Total changes in the statement of profit or loss	(1,471)	-	632	(839)

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)

(i) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (cont'd)

	2024			
	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component/ gain component	Loss recovery component/ gain component	Estimates of the present value of future cash flows	Total
	RM'000	RM'000	RM'000	RM'000
Cash flows				
Premiums paid	1,870	-	-	1,870
Amounts received	-	-	(1,324)	(1,324)
Total cash flows	1,870	-	(1,324)	546
Net reinsurance contract assets/(liabilities) as at 30 June	(29)	-	337	308
Rensurance contract assets as at 30 June	(29)	-	337	308
Rensurance contract liabilities as at 30 June	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 30 June	(29)	-	337	308

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(ii) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach

	2025			
	Estimates of the present value of future cash flows	**Risk adjustment**	**Contractual service margin**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reinsurance contract assets as at 1 July	64,812	48,329	(17,924)	95,217
Reinsurance contract liabilities as at 1 July	(56,850)	45,024	(30,005)	(41,831)
Net reinsurance contract assets/(liabilities) as at 1 July	7,962	93,353	(47,929)	53,386
Changes that relate to current services				
Contractual service margin recognised for services provided	-	-	(2,020)	(2,020)
Risk adjustment for non-financial risk expired	-	(12,238)	-	(12,238)
Experience adjustments	(23,584)	-	-	(23,584)
Changes that relate to future services				
Contracts initially recognised in the year	5,457	10,846	(16,303)	-
Changes in estimates that adjust the contractual service margin	(124,401)	17,055	107,346	-

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(ii) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (cont'd)

	2025			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	RM'000	RM'000	RM'000	RM'000
Reinsurance service result	(142,528)	15,663	89,023	(37,842)
Reinsurance finance expenses	(13,572)	7,427	1,360	(4,785)
Total changes in the statement of profit or loss	(156,100)	23,090	90,383	(42,627)
Cash flows				
Premiums received	237,878	-	-	237,878
Amounts received	(190,080)	-	-	(190,080)
Total cash flows	47,798	-	-	47,798
Net reinsurance contract assets/(liabilities) as at 30 June	(100,340)	116,443	42,454	58,557
Reinsurance contract assets as at 30 June	12,826	72,606	10,368	95,800
Reinsurance contract liabilities as at 30 June	(113,166)	43,837	32,086	(37,243)
Net reinsurance contract assets/(liabilities) as at 30 June	(100,340)	116,443	42,454	58,557

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(ii) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (cont'd)

	2024			
	Estimates of the present value of future cash flows	**Risk adjustment**	**Contractual service margin**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reinsurance contract assets as at 1 July	66,445	38,744	1,245	106,434
Reinsurance contract liabilities as at 1 July	(66,258)	28,324	(4,815)	(42,749)
Net reinsurance contract assets/(liabilities) as at 1 July	187	67,068	(3,570)	63,685
Changes that relate to current services				
Contractual service margin recognised for services provided	-	-	(5,071)	(5,071)
Risk adjustment for non-financial risk expired	-	(7,562)	-	(7,562)
Experience adjustments	(18,118)	-	-	(18,118)
Changes that relate to future services				
Contracts initially recognised in the year	(1,825)	11,779	(9,954)	-
Changes in estimates that adjust the contractual service margin	13,105	18,592	(31,697)	-

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(ii) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (cont'd)

	2024			
	Estimates of the present value of future cash flows	**Risk adjustment**	**Contractual service margin**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reinsurance service result	(6,838)	22,809	(46,722)	(30,751)
Reinsurance finance expenses	(3,801)	3,476	2,363	2,038
Total changes in the statement of profit or loss	(10,639)	26,285	(44,359)	(28,713)
Cash flows				
Premiums received	103,212	-	-	103,212
Amounts received	(84,798)	-	-	(84,798)
Total cash flows	18,414	-	-	18,414
Net reinsurance contract assets/(liabilities) as at 30 June	7,962	93,353	(47,929)	53,386
Reinsurance contract assets as at 30 June	64,812	48,329	(17,924)	95,217
Reinsurance contract liabilities as at 30 June	(56,850)	45,024	(30,005)	(41,831)
Net reinsurance contract assets/(liabilities) as at 30 June	7,962	93,353	(47,929)	53,386

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(iii) Impact of contracts recognised during the year - contracts not measured under the premium allocation approach

The components of new business for reinsurance contracts held portfolios is disclosed in the table below:

	2025			2024		
	Contracts originated not in a net gain RM'000	**Contracts originated in a net gain RM'000**	**Total RM'000**	**Contracts originated not in a net gain RM'000**	**Contracts originated in a net gain RM'000**	**Total RM'000**
Reinsurance contract assets						
Estimate of present value of future cash outflows	(179,505)	-	(179,505)	(213,425)	-	(213,425)
Estimates of present value of future cash inflows	184,962	-	184,962	211,600	-	211,600
Risk adjustment	10,846	-	10,846	11,779	-	11,779
CSM	(16,303)	-	(16,303)	(9,954)	-	(9,954)
Amount included in reinsurance contract assets for the year	-	-	-	-	-	-

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(iv) Amounts determined on transition to MFRS 17

The impact on the current year of the transition approaches adopted to establishing CSMs for reinsurance contracts portfolios included in the life insurance unit is disclosed in the table below:

	2025			
	Contracts using the modified retrospective approach	**Contracts using the fair value approach**	**All other contracts**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contractual service margin as at 1 July	-	716	(48,645)	(47,929)
Changes that relate to current services				
Contractual service margin recognised for services provided	-	(5,318)	3,298	(2,020)
Changes that relate to future services				
Contracts initially recognised in the year	-	-	(16,303)	(16,303)
Changes in estimates that adjust the contractual service margin	-	84,762	22,584	107,346
Reinsurance service result	-	79,444	9,579	89,023
Reinsurance finance expense	-	2,550	(1,190)	1,360
Total changes in the statement of profit or loss	-	81,994	8,389	90,383
Contractual service margin as at 30 June	-	82,710	(40,256)	42,454

8 . INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(b) Reinsurance contracts held (cont'd)
(iv) Amounts determined on transition to MFRS 17 (cont'd)

The impact on the current year of the transition approaches adopted to establishing CSMs for reinsurance contracts portfolios included in the life insurance unit is disclosed in the table below (cont'd):

	2024			
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
	RM'000	RM'000	RM'000	RM'000
Contractual service margin as at 1 July	-	17,416	(20,986)	(3,570)
Changes that relate to current services				
Contractual service margin recognised for services provided	-	(6,713)	1,642	(5,071)
Changes that relate to future services				
Contracts initially recognised in the year	-	-	(9,954)	(9,954)
Changes in estimates that adjust the contractual service margin	-	(12,923)	(18,774)	(31,697)
Reinsurance service result	-	(19,636)	(27,086)	(46,722)
Reinsurance finance expense	-	2,935	(572)	2,363
Total changes in the statement of profit or loss	-	(16,701)	(27,658)	(44,359)
Contractual service margin as at 30 June	-	715	(48,644)	(47,929)

NOTES TO THE FINANCIAL STATEMENTS

8. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONT'D)

(c) Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting year in the statement of profit or loss is provided in the following table:

	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
2025							
Insurance contracts issued							
Life	133,821	124,824	116,378	107,612	98,553	941,089	1,522,277
Total insurance contracts issued	133,821	124,824	116,378	107,612	98,553	941,089	1,522,277
Reinsurance contracts held							
Life	4,009	3,907	3,812	3,641	3,364	23,721	42,454
Total reinsurance contracts held	4,009	3,907	3,812	3,641	3,364	23,721	42,454
2024							
Insurance contracts issued							
Life	159,310	146,876	134,583	122,768	111,780	1,040,960	1,716,277
Total insurance contracts issued	159,310	146,876	134,583	122,768	111,780	1,040,960	1,716,277
Reinsurance contracts held							
Life	(4,305)	(3,667)	(3,217)	(2,868)	(2,586)	(31,286)	(47,929)
Total reinsurance contracts held	(4,305)	(3,667)	(3,217)	(2,868)	(2,586)	(31,286)	(47,929)

NOTES TO THE FINANCIAL STATEMENTS

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional Principal RM'000	Fair value RM'000
2025		
Derivatives designated as fair value hedge:		
Derivative assets		
- Foreign currency forwards	359,853	6,774
Derivative liabilities		
- Foreign currency forwards	109,269	141
2024		
Derivatives designated as fair value hedge:		
Derivative assets		
- Foreign currency forwards	144,109	329
Derivative liabilities		
- Foreign currency forwards	396,718	870

	2025 RM'000	2024 RM'000
Derivative assets maturing within 12 months	6,774	329
Derivative assets maturing after 12 months	-	-
	6,774	329
Derivative liabilities maturing within 12 months	141	870
Derivative liabilities maturing after 12 months	-	-
	141	870

NOTES TO THE FINANCIAL STATEMENTS

9 . DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Fair value hedge

Fair value hedges are used by the Company to protect against the changes in fair value of financial assets due to movements in the bond coupon rates and foreign exchange rates. The Company uses cross-currency interest rate swaps and foreign currency forwards to hedge against interest rate risk and foreign exchange risk of foreign corporate bonds and foreign equity securities.

The net gains and losses arising from fair value hedges during the financial year as follows:

	2025 RM'000	2024 RM'000
Gains/(losses) on hedging instruments (Note17(a))	34,132	(15,546)
Losses on hedged items attributable to the hedged risks	(39,998)	(15,625)
	(5,866)	(31,171)

10 . OTHER RECEIVABLES

	2025 RM'000	2024 RM'000
Investment income receivables	18,183	11,301
Investment debtors	1,956	106,635
Sundry debtors	42,893	25,443
Other receivables	43,108	26,042
	106,140	169,421
Allowance for impairment	(91)	(132)
Total other receivables	106,049	169,289

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position, and are receivable within one year.

NOTES TO THE FINANCIAL STATEMENTS

11 . SHARE CAPITAL

	2025		2024	
	No of shares '000	**RM'000**	**No of shares '000**	**RM'000**
Ordinary shares				
Issued and fully paid up:				
At 1 July/30 June	200,000	200,000	200,000	200,000

12 . RESERVES

The Company may distribute single tier exempt dividend to its shareholders out of its distributable retained earnings. Pursuant to Section 51(1) of the Financial Services Act ("FSA"), the Company is required to obtain BNM's written approval prior to declaring or paying any dividend.

Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

NOTES TO THE FINANCIAL STATEMENTS

13 . DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the financial year are as follows:

	2025 RM'000	2024 RM'000
At 1 July	(693,843)	(519,790)
Recognised in:		
Income statement (Note 19)	(58,860)	(174,053)
Other comprehensive income (Note 19)	(566)	-
At 30 June	(753,269)	(693,843)
Current	(576)	46
Non-current	(752,693)	(693,889)
	(753,269)	(693,843)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2025 RM'000	2024 RM'000
Deferred tax liabilities	(782,325)	(709,185)
Deferred tax assets	29,056	15,342
	(753,269)	(693,843)

NOTES TO THE FINANCIAL STATEMENTS

13 . DEFERRED TAXATION (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Unallocated surplus RM'000	Investment properties RM'000	Financial assets RM'000	Total RM'000
At 1 July 2023	(506,354)	(6,061)	(42,031)	(554,446)
Recognised in:				
Income statement	(60,660)	-	(94,079)	(154,739)
At 30 June 2024	(567,014)	(6,061)	(136,110)	(709,185)
At 1 July 2024	(567,014)	(6,061)	(136,110)	(709,185)
Recognised in:				
Income statement	(56,042)	(34)	(15,969)	(72,045)
Other comprehensive income	(1,095)	-	-	(1,095)
At 30 June 2025	(624,151)	(6,095)	(152,079)	(782,325)

Deferred tax assets

	Investment properties RM'000	Financial assets RM'000	Total RM'000
At 1 July 2023	4,223	30,433	34,656
Recognised in:			
Income statement	-	(19,314)	(19,314)
At 30 June 2024	4,223	11,119	15,342
At 1 July 2024	4,223	11,119	15,342
Recognised in:			
Income statement	132	13,053	13,185
Other comprehensive income	-	529	529
At 30 June 2025	4,355	24,701	29,056

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER PAYABLES

	2025 RM'000	2024 RM'000
Accruals	148,487	159,711
Amount due to agents	98,495	96,544
Investment creditors	6,553	35,416
Rental deposits	4,206	3,970
Sundry creditors	54,495	51,314
Other payables	129,008	51,261
	441,244	398,216

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position, and are payable within one year.

15. SUBORDINATED NOTES

	2025 RM'000	2024 RM'000
RM300.0 million Tier 2 subordinated notes, at par	-	300,000
Add: interest payable	-	4,621
	-	304,621
RM150.0 million Tier 2 subordinated notes, at par	150,000	150,000
Add: interest payable	-	28
	150,000	150,028
RM150.0 million Tier 2 subordinated notes, at par	150,000	150,000
Add: interest payable	-	30
	150,000	150,030
Total subordinated notes	300,000	604,679
Payable within 12 months	150,000	4,679
Payable after 12 months	150,000	600,000
	300,000	604,679

NOTES TO THE FINANCIAL STATEMENTS

15 . SUBORDINATED NOTES (CONT'D)

On 13 September 2019, the Company established the Subordinated Notes Programme or Subordinated Sukuk Programme with combine limit up to RM2.0 billion in nominal value to raise funds for general working capital and/or business operations purpose.

On 27 September 2019, the Securities Commission approved the application subject to certain operational terms and conditions being fulfilled.

The subordinated notes are unsecured liabilities and classified as Tier 2 capital under Risk-Based Capital Framework for Insurers.

The following issuance are made thereunder:

(a) On 3 February 2020, HLA issued subordinated notes of RM300.0 million. The subordinated notes were issued for a period of 10 years on a 10 non-callable 5 basis with a coupon rate of 3.85% per annum. The Company had fully redeemed the RM300.0 million nominal value of this subordinated notes on 3 February 2025.

(b) On 28 December 2020, HLA issued subordinated notes of RM150.0 million nominal value with a tenure of 5 years at coupon rate of 3.45%.

(c) On 28 December 2020, HLA issued subordinated notes of RM150.0 million nominal value with a tenure of 8 years at coupon rate of 3.70%.

<u>Valuation techniques adopted</u>

Pursuant to MFRS 13 Fair Value Measurement, the Company establishes a fair value hierarchy that categories into three levels of inputs to valuation techniques used to measure fair value as disclosed in Note 28.

(i) There are no subordinated notes categorised under Level 1.
(ii) Subordinated notes are included in Level 2 with carrying amount of RM291,801,973 (2024: RM547,383,330). The fair value of subordinated notes are estimated based on discounted cash flow model using a current yield curve appropriate for the remaining term to maturity.
(iii) There are no subordinated notes categorise under Level 3.

NOTES TO THE FINANCIAL STATEMENTS

16 . INSURANCE REVENUE AND INSURANCE SERVICE RESULT

The table below presents an analysis of the insurance revenue, insurance service expenses and net expenses from reinsurance contracts held recognised:

	2025 RM'000	2024 RM'000
Insurance revenue		
Contracts not measured under the PAA		
Amounts relating to the changes in the liabilities for remaining coverage		
- Expected incurred claims and other directly attributable expenses	1,473,436	1,385,153
- Change in the risk adjustment for non-financial risk	60,829	48,700
- CSM recognised for the services provided	158,332	163,342
- Experience adjustments arising from premiums received	266	67
Insurance acquisition cash flows recovery	106,887	84,507
Insurance revenue from contracts not measured under the PAA	1,799,750	1,681,769
Insurance revenue from contracts measured under the PAA	101,207	95,019
Total insurance revenue	1,900,957	1,776,788
Insurance service expenses		
Incurred claims and other insurance service expenses	(1,528,705)	(1,510,783)
Amortisation of insurance acquisition cash flows	(106,887)	(84,507)
Losses on onerous contracts and reversal of those lossses	(48,178)	(18,268)
Total insurance service expenses	(1,683,770)	(1,613,558)
Net income/(expenses) from reinsurance contracts held		
Reinsurance expenses from contracts not measured under the PAA		
Amounts relating to the changes in the remaining coverage		
- Expected recovery for insurance service expenses incurred in the period	(205,460)	(171,323)
- Changes in the risk adjustment for non-financial risk	(12,238)	(7,562)
- CSM recognised in the statement of profit or loss	(2,020)	(5,071)
Reinsurance expenses from contracts not measured under PAA	(219,718)	(183,956)
Reinsurance expenses from contracts measured under PAA	(3,043)	(1,471)
Amounts recoverable for claims and other expenses incurred	185,109	153,837
Net expense from reinsurance contracts held	(37,652)	(31,590)
Total insurance service result	179,535	131,640

NOTES TO THE FINANCIAL STATEMENTS

17 . TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCE RESULT

a) The table below presents an analysis of total investment income recognised in the statement of profit or loss and comprehensive income in the year:

	2025 RM'000	2024 RM'000
Interest revenue from financial assets not measured at FVTPL		
Deposits with financial institution	69,838	53,153
Government debt securities	637	-
Corporate bonds	15,091	-
	85,566	53,153
Net gains on FVTPL investments		
Government debt securities	629,908	482,389
Corporate bonds	322,359	344,699
Equity securities	103,286	1,027,692
Collective investment schemes	9,600	392,509
Derivative financial assets (Note 9)	34,132	(15,546)
Others	140,094	104,310
	1,239,379	2,336,053
Net gains on FVOCI investments		
Government debt securities	847	-
Corporate bonds	5,744	-
	6,591	-
Other investment (expenses)/income		
Net rental expenses from investment properties	(4,409)	(3,419)
Net gains from fair value adjustments to investment properties	2,070	-
Net credit impairment losses	(13)	-
Cash and bank foreign exchange gains/(losses)	11,220	(1,620)
	8,868	(5,039)
Total investment income (Note 17(c))	1,340,404	2,384,167

17. TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCE RESULT (CONT'D)

b) The table below presents an analysis of insurance finance result recognised in the statement of profit or loss and comprehensive income in the year:

	2025			2024		
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance finance expenses from insurance contracts issued						
Interest accreted to insurance contracts using current financial assumptions	-	(159,709)	(159,709)	-	(148,675)	(148,675)
Interest accreted to insurance contracts using locked-in rate	-	(52,001)	(52,001)	-	(44,208)	(44,208)
Changes in interest rates and other financial assumptions	-	(35,428)	(35,428)	-	(12,425)	(12,425)
Changes in fair value of the underlying assets	-	(755,168)	(755,168)	-	(1,631,551)	(1,631,551)
Total insurance finance expenses from insurance contracts issued	-	(1,002,306)	(1,002,306)	-	(1,836,859)	(1,836,859)
Represented by :						
Amount recognised in profit or loss	-	(1,002,306)	(1,002,306)	-	(1,836,859)	(1,836,859)
Reinsurance finance income/(expenses) from reinsurance contracts held						
Interest accreted to reinsurance contracts using locked-in rate	-	406	406	-	114	114
Due to changes in interest rates and other financial assumptions	-	(5,191)	(5,191)	-	1,924	1,924
Reinsurance finance income/(expenses) from reinsurance contracts held	-	(4,785)	(4,785)	-	2,038	2,038
Represented by :						
Amount recognised in profit or loss	-	(4,785)	(4,785)	-	2,038	2,038
Net insurance finance expenses	-	(1,007,091)	(1,007,091)	-	(1,834,821)	(1,834,821)
Represented by :						
Amount recognised in profit or loss	-	(1,007,091)	(1,007,091)	-	(1,834,821)	(1,834,821)

17 . TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCE RESULT (CONT'D)

c) The table below presents an analysis of net insurance and investment result recognised in the statement of profit or loss and comprehensive income in the year:

	2025			2024		
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Summary of the amounts recognised in profit or loss						
Net investment income - underlying assets	-	953,236	953,236	-	1,925,878	1,925,878
Net investment income - other investments	63,276	317,278	380,554	104,422	353,867	458,289
Net Investment income	63,276	1,270,514	1,333,790	104,422	2,279,745	2,384,167
Net insurance finance expenses	-	(1,007,091)	(1,007,091)	-	(1,834,821)	(1,834,821)
	63,276	263,423	326,699	104,422	444,924	549,346
Summary of the amounts recognised in OCI						
Net investment income - other investments	-	6,614	6,614	-	-	-
Summary of the amounts recognised						
Insurance service result	-	179,535	179,535	-	131,640	131,640
Net investment income (Note 17(a))	63,276	1,277,128	1,340,404	104,422	2,279,745	2,384,167
Net insurance finance expenses	-	(1,007,091)	(1,007,091)	-	(1,834,821)	(1,834,821)
Net insurance and investment result	63,276	449,572	512,848	104,422	576,564	680,986

NOTES TO THE FINANCIAL STATEMENTS

18 . EXPENSES BY NATURE

2025	**Expenses attributed to insurance acquisition cash flows RM'000**	**Other directly attributable expenses RM'000**	**Non-attributable expenses RM'000**	**Total RM'000**
Employee expense (Note 18(a))	57,190	45,566	867	103,623
GMD/CEO and Directors' remuneration (Note 18(b))	2,629	2,966	-	5,595
Auditors' remuneration* :				
Statutory audit fees	-	882	-	882
Non-audit services	-	23	-	23
Depreciation of property, plant and equipment (Note 3)	390	3,486	105	3,981
Amortisation of intangible assets (Note 4)	982	2,419	-	3,401
Commission and agency expenses	160,683	221,536	-	382,219
Others	21,756	71,947	24,458	118,161
	243,630	348,825	25,430	617,885

* There was no indemnity given or insurance effected for the auditors of the Company during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

18. EXPENSES BY NATURE (CONT'D)

2024	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Non-attributable expenses RM'000	Total RM'000
Employee expense (Note 18(a))	56,520	45,972	628	103,120
GMD/CEO and Directors' remuneration (Note 18(b))	2,399	3,306	-	5,705
Auditors' remuneration* :				
Statutory audit fees	-	857	-	857
Non-audit services	-	23	-	23
Depreciation of property, plant and equipment (Note 3)	219	3,813	105	4,137
Amortisation of intangible assets (Note 4)	240	2,941	-	3,181
Commission and agency expenses	171,801	231,206	-	403,007
Others	37,147	75,089	26,069	138,305
	268,326	363,207	26,802	658,335

* There was no indemnity given or insurance effected for the auditors of the Company during the financial year.

(a) Employee benefits expense

	2025 RM'000	2024 RM'000
Wages, salaries and bonuses	85,247	84,145
Defined contribution retirement plan	10,235	9,891
Other employee benefits	8,141	9,084
	103,623	103,120

NOTES TO THE FINANCIAL STATEMENTS

18 . OTHER EXPENSES (CONT'D)

(b) GMD/CEO and Directors' remuneration

The total remuneration of the GMD/CEO and Directors are as follows:

	Salaries and other remunerations RM'000	Director's fees RM'000	Estimated monetary value for benefits in-kind RM'000	Total RM'000
2025				
GMD/CEO:				
Loh Guat Lan:	4,172	-	664	4,836
Non-executive Directors:				
Shalet Marian	34	154	-	188
Sim Hong Kee	52	198	-	250
Koid Swee Lian	25	134	-	159
Dato’ Ng Wan Peng	22	140	-	162
	* 133	626	-	759
Total GMD/CEO and Directors' remuneration	4,305	626	664	5,595

* Directors' meeting allowance

NOTES TO THE FINANCIAL STATEMENTS

18 . OTHER EXPENSES (CONT'D)

(b) GMD/CEO and Directors' remuneration (cont'd)

The total remuneration of the GMD/CEO and Directors are as follows (cont'd):

	Salaries and other remunerations RM'000	Director's fees RM'000	Estimated monetary value for benefits in-kind RM'000	Total RM'000
2024				
GMD/CEO:				
Loh Guat Lan:	4,229	-	746	4,975
Non-executive Directors:				
Shalet Marian	30	155	-	185
Sim Hong Kee	41	200	-	241
Koid Swee Lian	18	130	-	148
Dato’ Ng Wan Peng	16	140	-	156
	* 105	625	-	730
Total GMD/CEO and Directors' remuneration	4,334	625	746	5,705

* Directors' meeting allowance

NOTES TO THE FINANCIAL STATEMENTS

18 . OTHER EXPENSES (CONT'D)

(b) GMD/CEO and Directors' remuneration (cont'd)

During the financial year, Directors and Officers of the Company are covered under the Directors’ & Officers’ Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Company subject to the terms of the policy. The total amount of Directors' & Officers’ Liability Insurance effected for the Directors & Officers of the Hong Leong Financial Group Berhad ("HLFG") Group was RM10 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the HLFG Group was RM85,500 (2024: RM85,500) and the apportioned amount of the said premium paid by the Company was RM8,175 (2024: RM5,937).

NOTES TO THE FINANCIAL STATEMENTS

19 . TAXATION

	Shareholders' Fund RM'000	Life Fund RM'000	Total RM'000
2025			
Current income tax:			
Current financial year	21,391	35,045	56,436
Over provision in prior years	(3,379)	(124)	(3,503)
	18,012	34,921	52,933
Deferred tax:			
Origination and reversal of temporary differences (Note 13)	54,858	4,568	59,426
	72,870	39,489	112,359
2024			
Current income tax:			
Current financial year	22,060	57,332	79,392
Over provision in prior years	(43)	(565)	(608)
	22,017	56,767	78,784
Deferred tax:			
Origination and reversal of temporary differences (Note 13)	73,459	100,594	174,053
	95,476	157,361	252,837

NOTES TO THE FINANCIAL STATEMENTS

19 . TAXATION (CONT'D)

The income tax for the Shareholders' fund is calculated based on the tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year. The income tax for the life fund is calculated based on the tax rate of 8% (2024: 8%) of the assessable investment income net of allowable deductions for the financial year. The taxes of the respective funds are disclosed in Note 29 to the financial statements.

In 2008, the Ministry of Finance has gazetted an order on the allowance of income tax set-off/credit for the tax charged on the surplus transferred from the Life fund to the Shareholders' fund with effect from year of assessment 2008 under Section 110B of the Income Tax Act, 1967.

A reconcilation of income tax expense applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2025 RM'000	2024 RM'000
Profit before taxation	484,127	650,724
Taxation at Malaysian statutory tax rate of 24%	116,190	156,174
Tax effects in respect of:		
Income not subject to tax	(6,779)	(8,214)
Expenses not deductible for tax purpose	7,134	10,051
Utilisation of current year tax loss	-	(731)
Section 110B tax credit	(7,917)	(3,728)
Estimated tax relief on actuarial surplus transferable to Shareholders' fund	(28,150)	(58,033)
Over provision in prior years	(3,379)	(43)
Tax remission recoverable	(4,229)	-
Effect of tax attributable to life insurance business	39,489	157,361
Tax expense for the financial year	112,359	252,837

NOTES TO THE FINANCIAL STATEMENTS

20 . DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	2025 RM'000	2024 RM'000
In respect of the financial year:		
- Single-tier dividend of 20.0 sen per share (2024: 15.0 sen per share)	40,000	30,000

As at the date of the financial statements, the Directors have not recommended any final dividend to be paid for the financial year under review.

21 . EARNINGS PER SHARE

The basic earnings per share are calculated based on the net profit for the financial year and the weighted average number of ordinary shares of the Company in issue during the financial year.

	2025 RM'000	2024 RM'000
Net profit for the financial year	371,768	397,887
Weighted average number of shares in issue	200,000	200,000
Basic earnings per share (sen)	185.88	198.94

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

No diluted earnings per share is disclosed in these financial statements as there are no dilutive potential ordinary shares.

22 . CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	2025 RM'000	2024 RM'000
Authorised and contracted for:		
Property, plant and equipment	352	51
Intangible assets	4,728	5,646
	5,080	5,697

NOTES TO THE FINANCIAL STATEMENTS

23. RELATED PARTY DISCLOSURES

(a) Related parties and relationships

The related parties of, and their relationships with the Company are as follows:

Related Parties	Relationship
Hong Leong Company (Malaysia) Berhad ("HLCM")	Ultimate holding company
HL Management Co Sdn Bhd and Hong Leong Share Registration Services Sdn Bhd ("HLMC Group")	Subsidiary companies of ultimate holding company
Malaysian Pacific Industries Berhad and its subsidiary and associated companies as disclosed in its financial statements ("MPI Group")	Subsidiaries and associated companies of ultimate holding company
Hong Leong Industries Berhad and its subsidiaries and associated companies as disclosed in its financial statements ("HLI Group")	Subsidiaries and associated companies of ultimate holding company
Hume Cement Industries Berhad and its subsidiaries and associated companies as disclosed in its financial statements ("Hume Group")	Subsidiaries and associated companies of ultimate holding company
HLMG Management Co Sdn Bhd	Subsidiary companies of ultimate holding company
Guoco Group Limited and its subsidiary and associated companies as disclosed in its financial statements ("GGL Group")	Substantial shareholder
GuocoLand (Malaysia) Berhad and its subsidiaries and associated companies as disclosed in its financial statements ("GLM Group")	Subsidiary and associated companies of substantial shareholder

NOTES TO THE FINANCIAL STATEMENTS

23 . RELATED PARTY DISCLOSURES (CONT'D)

(a) Related parties and relationships (cont'd)

The related parties of, and their relationships with the Company are as follows: (cont'd)

Related Parties	Relationship
Hong Leong Financial Group Berhad ("HLFG")	Penultimate holding company
Subsidiaries and associated companies of HLFG as disclosed in its financial statements ("HLFG Group")	Subsidiaries and associated companies of penultimate holding company
HLA Holdings Sdn Bhd ("HLAH")	Immediate holding company
Subsidiaries companies of HLAH as disclosed in its financial statements ("HLAH Group")	Subsidiary companies of holding company
MSIG Insurance (Malaysia) Berhad	Associated company of holding company
Key Management Personnel	The key management personnel of the Company consists of: - All Directors of the Company - Key management personnel of the Company who make certain critical decisions in relation to the strategic direction of the Company
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significant influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

NOTES TO THE FINANCIAL STATEMENTS

23 . RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions and balances

In additional to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial year:

	Immediate holding company RM'000	Ultimate holding company RM'000	Penultimate holding company RM'000	Other related parties RM'000
2025				
Assets				
Financial assets	-	-	67,926	134,059
Receivables	-	-	-	11,829
Short term placements and fixed deposits	-	-	-	15,086
Cash and cash equivalents	-	-	-	831,033
	-	-	67,926	992,007
Liabilities				
Payables	-	-	8	4,168
2024				
Assets				
Financial assets	-	-	70,708	184,089
Receivables	-	-	3	2,064
Short term placements and fixed deposits	-	-	-	33
Cash and cash equivalents	-	-	-	1,055,663
	-	-	70,711	1,241,849
Liabilities				
Payables	-	3	-	2,680
Insurance contract liabilities - Assets for insurance acquisition cash flows	-	-	-	(32,500)

NOTES TO THE FINANCIAL STATEMENTS

23 . RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions and balances (cont'd)

	Immediate holding company RM'000	Ultimate holding company RM'000	Penultimate holding company RM'000	Other related parties RM'000
2025				
Income				
Gross premium received/ receivable	-	-	225	47,612
Management and professional fee income	-	-	-	4,914
Rental income	59	-	-	5,103
Service support fees	240	-	-	8,029
Interest income	-	-	-	32,564
Dividend income	-	-	-	149,441
Rebates	-	-	-	30,526
	299	-	225	278,189
Expenditure				
Gross premium paid	-	-	-	(232)
Commission paid/payable	-	-	-	(21,745)
Management and professional fee paid/payable	-	-	(2,026)	(2,172)
Introductory Fee	-	-	-	(43)
Brokerage fees	-	-	-	(2,964)
Credit card merchant fees	-	-	-	(12,618)
Service support fees paid	-	-	-	(4,453)
Rental expenses	-	-	(229)	(26)
Bancassurance Fees	-	-	-	(19,527)
Bank charges	-	-	-	(361)
Custody Fees	-	-	-	(5)
Partnership expenses paid	-	-	-	(243)
Arranger Fees	-	-	-	(60)
Purchase of renovation materials	-	-	-	(1)
Building management fees	-	-	-	(393)
Pre-owned car purchase	-	-	-	(122)
	-	-	(2,255)	(64,965)

NOTES TO THE FINANCIAL STATEMENTS

23. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions and balances (cont'd)

	Immediate holding company RM'000	Ultimate holding company RM'000	Penultimate holding company RM'000	Other related parties RM'000
2024				
Income				
Gross premium received/ receivable	-	-	188	48,259
Management and professional fee income	-	-	-	4,587
Rental income	-	-	-	5,052
Service support fees	203	-	-	6,122
Interest income	-	-	-	25,252
Dividend income	-	-	-	117,628
Rebates	-	-	-	26,457
	203	-	188	233,357
Expenditure				
Gross premium paid	-	-	-	(229)
Commission paid/payable	-	-	-	(20,287)
Management and professional fee paid/payable	-	-	(2,065)	(14,251)
Brokerage fee	-	-	-	(3,847)
Credit card merchant fees	-	-	-	(12,506)
Security guard services	-	-	-	(1,029)
Service support fees paid	-	-	-	(3,667)
Rental expenses	-	-	(229)	(24)
Bancassurance Fees	-	-	-	(15,998)
Bank charges	-	-	-	(383)
Custody Fees	-	-	-	(17)
Arranger Fees	-	-	-	(60)
Building management fees	-	-	-	(650)
	-	-	(2,294)	(72,948)

NOTES TO THE FINANCIAL STATEMENTS

23 . RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions and balances (cont'd)

The above transactions are transacted in the normal course of business of the Company based on agreed terms and conditions.

The above significant related party transactions are primarily with related parties domiciled in Malaysia.

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	2025 RM'000	2024 RM'000
Wages, salaries and bonuses	20,292	20,111
Defined contribution retirement plan	2,835	2,735
Other employee benefits	1,576	1,464
Directors' fees	626	625
	25,329	24,935

	RM'000	RM'000
Included in the total key management personnel are:		
GMD/CEO and Directors' remuneration (Note 18(b))	5,595	5,705

NOTES TO THE FINANCIAL STATEMENTS

24 . RISK MANAGEMENT FRAMEWORK

The Company has implemented a risk management framework with the objective to ensure the overall financial soundness and stability of the Company's business operations. The risk management framework outlines the overall governance structure, aspiration, values and risk management strategies which aligns the Company's risk profile, capital strategies and return objectives. Appropriate methodologies and measurements have been developed to manage uncertainties such that deviations from intended strategic objectives are closely monitored and kept within tolerable levels.

From a governance perspective, the Board has the overall responsibility to define the Company's risk appetite and ensure that a robust risk management and compliance culture prevails. The Board is supported by the GBRMC in approving the Company's risk management framework as well as the attendant capital management and planning policy, risk appetite statements, risk management strategies and risk policies.

Dedicated management level committees are established to oversee the development and the effectiveness of risk management policies, to review risk exposures and portfolio composition as well as to ensure appropriate infrastructures, resources and systems are put in place for effective risk management activities. GBRMC is supported by the Risk Management function. The Risk Management function has been established to provide independent oversight on the adequacy, effectiveness and integrity of risk management practices at all levels within the Company. The core responsibilities of the Risk Management function are to support line management in identification and management of key and emerging risks for the Company, to measure these risks, to manage the risk positions and to determine the optimum capital allocations. The Company regularly reviews its risk management framework to reflect changes in market, products, regulatory requirements and emerging best market practices.

Regular stress and scenario testing including reverse stress testings are undertaken as a proactive measure in monitoring and managing the capital position. The stress and scenario testing results are discussed at Asset-Liability Committee ("ALCO") and communicated to GBRMC and HLA Board of Directors.

There were no changes in the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

24 . RISK MANAGEMENT FRAMEWORK (CONT'D)

Capital Management

The Company's capital management plan is to maintain a strong capital base to meet obligation to policyholders and regulatory requirement, to create shareholder value, deliver sustainable returns to shareholders and to support future business growth.

The Risk-Based Capital Framework for Insurers ("RBC Framework") came into effect on 1 January 2009. Under the RBC Framework, the insurer is responsible for setting an individual target capital level and maintaining the capital adequacy level above the target. The Company considers the business direction, the changing business environment and risk profile in setting the individual target capital level. The individual target capital level is higher than the minimum capital requirement of 130% under the RBC Framework regulated by BNM.

Governance and Regulatory Framework

The Company is required to comply with the requirements of the Financial Services Act 2013 ("FSA 2013"), relevant laws and guidelines from BNM and Life Insurance Association of Malaysia.

The Company is also required to comply with Hong Leong Financial Group's Corporate Governance Framework. If there is any conflict with the local laws or regulations, the stricter will apply.

NOTES TO THE FINANCIAL STATEMENTS

25 . REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at the date of the statement of financial position, consisting of all funds as prescribed under the RBC Framework is provided below:

	2025 RM'000	2024 RM'000
Eligible Tier 1 capital		
- Share capital (paid up) (Note 11)	200,000	200,000
- Reserves	5,064,219	4,964,806
Eligible Tier 2 capital		
- Eligible reserves	156,085	510,000
Deductions	(28,458)	(35,217)
	5,391,846	5,639,589

These are based on statistical returns for financial years 2025 and 2024, including the estimation of insurance contract liabilities based on the valuation methods specified in Part E of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns. The accounting policies prescribed in the notes to the statistical returns are the accounting policies adopted in the audited financial statements of the Company for the financial year ended 30 June 2025 prepared in accordance with the MFRS, as modified by BNM pursuant to Section 65 of the FSA 2013.

26. INSURANCE RISK

Insurance risk refers to the fluctuations in the timing, frequency and/or severity of the insured event, relative to the expectations of the Company at the time of underwriting.

The principal risk that the Company faces is the uncertainty over the benefit payments which may cause the valuation of the life insurance liabilities to be insufficient.

The Company has in place policies in managing insurance risk. These include monitoring of actual experience and using reinsurance to limit potential losses.

Key assumptions

In applying MFRS 17 measurement requirements, the following assumptions were used with a certain degree of professional judgment. The Company primarily uses deterministic projections to estimate the present value of future cash flows.

The key assumptions to which the determination of liabilities is particularly sensitive are as follows:

- Mortality rates

  Mortality rates refer to the rates at which death occurs. Generally, mortality assumptions are developed based on the Company's recent historical experience. Mortality rates could impact the Company's financial condition if it turns out to be more adverse than assumed.

- Morbidity rates

  Morbidity rates include incidence rates of sickness, critical illness and disability. Generally, morbidity assumptions for sickness and critical illness are derived based on the reinsurer’s morbidity rates, while morbidity rates for disability are derived with reference to common industry practice, adjusted to reflect the Company’s recent historical own experience. Higher than expected morbidity rates would adversely impact the Company’s financial condition.

NOTES TO THE FINANCIAL STATEMENTS

26 . INSURANCE RISK (CONT'D)

Key assumptions (cont'd)

- Discount rates

Life insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable.

Risk free rates are determined based on the zero-coupon spot yield of government securities up to the last liquid point and extrapolated to a long term forward rate.

The illiquidity premium is derived in accordance to the volatility adjustment approach by Bank Negara Malaysia, with calibration made to reflect the illiquidity nature of the Company's business portfolio.

Forward rates applied for discounting of future cash flows of life insurance contracts issued in Ringgit Malaysia are listed below:

Portfolio duration	2025	2024
1 year	3.01% - 3.18%	3.32% - 3.54%
3 years	3.30% - 3.47%	3.75% - 3.97%
5 years	3.38% - 3.54%	3.92% - 4.14%
10 years	3.65% - 3.81%	4.07% - 4.29%
20 years	4.81% - 4.98%	4.78% - 4.78%

- Lapse, Surrender, Partial Withdrawal and Premium Holiday rates ("Lapse and Surrender")

They refer to the rates of termination, surrender, partial withdrawal of unit values and premium holiday of insurance contracts. Generally, these rates are derived based on the Company's recent historical experience. Lapse, surrender, partial withdrawal and premium holiday rates could impact the Company's financial condition if the rates turn out to be more adverse than assumed.

- Expense assumption

Insurance liabilities include provision for future expenses using best estimate expense assumption based on the Company's latest experience. Higher than assumed expenses could have adverse impact on the Company's financial condition.

26 . INSURANCE RISK (CONT'D)

Sensitivities

Sensitivity analysis provides an assessment of plausible adverse events that could impact the financial condition of the Company. It enhances the understanding of the financial vulnerability towards key risks.

The table below sets out the sensitivity analysis in respect of insurance contracts and reinsurance contracts held to key variables affecting insurance risk exposures. This analysis assumes that all other variables remain constant. Information below presents the sensitivities both before and after risk mitigation by reinsurance, and illustrates the estimated impact on profits and equity arising from a change in a single variable before taking into account the effects of taxation.

	Change in assumption	Impact on CSM		Impact on FCF		Impact on profit after tax		Impact on equity	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2025									
Mortality and morbidity	+ 10	(330,502)	(142,746)	466,469	261,496	(105,520)	(91,402)	(105,520)	(91,402)
Mortality and morbidity	- 10	428,600	239,342	(469,076)	(262,353)	27,035	12,714	27,035	12,714
Expenses	+ 10	(84,577)	(84,615)	91,043	91,084	(5,268)	(5,272)	(5,268)	(5,272)
Lapse and surrender	+ 10	(127,442)	(127,247)	153,184	152,951	(19,868)	(19,837)	(19,868)	(19,837)
Lapse and surrender	- 10	166,013	166,255	(172,556)	(172,801)	4,134	4,136	4,134	4,136
2024									
Mortality and morbidity	+ 10	(309,975)	(149,107)	407,455	235,609	(74,621)	(65,619)	(74,621)	(65,619)
Mortality and morbidity	- 10	384,081	221,700	(410,523)	(236,966)	16,230	7,065	16,230	7,065
Expenses	+ 10	(81,268)	(81,242)	84,866	84,839	(3,243)	(3,243)	(3,243)	(3,243)
Lapse and surrender	+ 10	(157,488)	(164,118)	160,906	168,221	(2,173)	(2,735)	(2,173)	(2,735)
Lapse and surrender	- 10	179,670	187,551	(181,792)	(190,545)	1,134	1,848	1,134	1,848

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS

The Company is exposed to a range of financial risks, including credit risk, liquidity risk and market risk.

The responsibility for formulation, establishment and approval of investment policies rests with the Board of Directors as reported in the corporate governance framework in the Directors' Report. The deployment and execution of the investment policies is delegated to the Investment Committee ("IC") in which the members are appointed by the Board of Directors.

The IC monitors the scope of HLA's investments and establishes proper investment policies and guidelines that reflect the HLA's business objective, strategies and risk appetite.

Risk limits are established at various levels and are monitored regulary to ensure compliance with the Company's investment principles and philosophy. Sensitivity and stress tests are carried out on a regular basis to assess the resilience of the investment portfolios and the impact on the Company's solvency.

(a) Credit risk

Credit risk is the risk of loss due to inability or unwillingness of a counterparty to service its debt obligations. The credit risk and investment activities are monitored regularly with respect to single customer limit, sectorial exposure, credit rating and residual maturity, in accordance with the investment guidelines and limits approved by the Board of Directors and the authorities.

At the date of the statement of financial position, the credit exposure is within the investment guidelines and limits approved by the Board of Directors and the authorities. The maximum exposure to credit risk is represented by the carrying amount reported in the financial statements.

There were no significant changes to the credit risk management of the Company.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(a) Credit risk (cont'd)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statements of financial position. The maximum exposure is shown at gross, before the effect of mitigation through the use of master netting or collateral agreements.

	Shareholders' Fund RM'000	Life Fund RM'000	Total RM'000
2025			
FVTPL financial assets *	573,691	17,342,250	17,915,941
FVOCI financial assets	-	630,028	630,028
AC financial assets	130,232	1,165,504	1,295,736
Derivative assets	286	6,488	6,774
Insurance contract assets	-	61,752	61,752
Reinsurance contract assets	-	96,782	96,782
Other receivables **	3,125	93,211	96,336
Cash and balances	12,389	1,004,196	1,016,585
	719,723	20,400,211	21,119,934
2024			
FVTPL financial assets *	645,517	17,585,660	18,231,177
AC financial assets	245,555	166,828	412,383
Derivative assets	11	318	329
Insurance contract assets	-	95,189	95,189
Reinsurance contract assets	-	95,525	95,525
Other receivables **	2,999	163,713	166,712
Cash and balances	46,255	1,419,521	1,465,776
	940,337	19,526,754	20,467,091

* FVTPL financial assets as at 30 June 2025 and 30 June 2024 excluded shares & unit trusts of 2025: RM8,052,558,000 (2024: RM7,655,524,000).

** Other receivables as at 30 June 2025 and 30 June 2024 excluded sundry deposits & prepayments of 2025: RM9,713,366 (2024: RM2,577,189).

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(a) Credit risk (cont'd)

<u>Credit exposure by credit rating</u>

The table below provides the breakdown of the Company's financial assets in relation to credit risk exposure:

	Stage 1				
	Government guaranteed and low risk bonds RM'000	Investment grade BBB to AAA RM'000	Non stment grade C to BB RM'000	Not rated RM'000	Total RM'000
2025					
FVOCI financial assets	27,534	602,494	-	-	630,028
AC financial assets	-	1,273,042	-	22,694	1,295,736
Other receivables *	-	-	-	96,336	96,336
Cash and cash equivalents	-	1,016,473	-	112	1,016,585
	27,534	2,892,009	-	119,142	3,038,685

* Other receivables as at 30 June 2025 excluded sundry deposits & prepayments of RM9,713,366.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(a) Credit risk (cont'd)

Credit exposure by credit rating (cont'd)

The table below provides the breakdown of the Company's financial assets in relation to credit risk exposure: (cont'd)

	Stage 1				
	Government guaranteed and low risk bonds RM'000	Investment grade BBB to AAA RM'000	Non stment grade C to BB RM'000	Not rated RM'000	Total RM'000
2024					
AC financial assets	-	390,449	-	21,934	412,383
Other receivables *	-	-	-	166,712	166,712
Cash and cash equivalents	-	1,465,691	-	85	1,465,776
	-	1,856,140	-	188,731	2,044,871

* Other receivables as at 30 June 2024 excluded sundry deposits & prepayments of RM2,577,189.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(a) Credit risk (cont'd)

Reconciliation of allowance account

A reconciliation of the allowance for impairment losses for other receivables is as follows:

	FVOCI RM'000	Other receivables RM'000	Total RM'000
At 1 July 2023	-	82	82
Write back for the financial year	-	50	50
At 30 June 2024	-	132	132
At 30 June 2024	-	132	132
Charge/(write back) for the financial year	13	(41)	(28)
At 30 June 2025	13	91	104

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(a) Credit risk (cont'd)

Collateral

Credit risk is mitigated by entering into collateral agreements.

(b) Liquidity risk

Liquidity risk refers to inability of the Company to meet its financial obligations as and when they fall due. Monitoring of Liquidity Coverage Ratio and contingent funding plan are in place as tools to monitor and manage liquidity risk. In addition, a large proportion of the Company's investible funds are in fixed and call deposits, other money market instruments and other high quality liquid assets such as Malaysian Government Securities. Should there be any abnormal and unexpected cash outflow required, it is expected that the Company would still able to meet its obligation.

The Company endeavors to manage the maturity profiles of these financial instruments to meet financial obligations and working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (cont'd)

Maturity profile of financial assets

The table below analyses the carrying amount of financial assets based on the remaining contractual maturities:

	Carrying value RM'000	Up to 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2025						
FVTPL financial assets	25,968,499	1,322,524	3,837,773	12,755,644	8,052,558	25,968,499
FVOCI financial assets	630,028	-	420,944	209,084	-	630,028
AC financial assets	1,295,736	1,295,736	-	-	-	1,295,736
Derivative assets	6,774	6,774	-	-	-	6,774
Other receivables *	96,336	96,336	-	-	-	96,336
Cash and cash equivalents	1,016,585	1,016,585	-	-	-	1,016,585
Total financial assets	29,013,958	3,737,955	4,258,717	12,964,728	8,052,558	29,013,958

* Other receivables as at 30 June 2025 excluded sundry deposits & prepayments of RM9,713,366.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (cont'd)

Maturity profile of financial assets (cont'd)

The table below analyses the carrying amount of financial assets based on the remaining contractual maturities: (cont'd)

	Carrying value RM'000	Up to 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
FVTPL financial assets	25,886,702	1,043,355	4,894,655	12,293,168	7,655,524	25,886,702
AC financial assets	412,383	390,449	21,934	-	-	412,383
Derivative assets	329	329	-	-	-	329
Other receivables *	166,712	166,712	-	-	-	166,712
Cash and cash equivalents	1,465,776	1,465,776	-	-	-	1,465,776
Total financial assets	27,931,902	3,066,621	4,916,589	12,293,168	7,655,524	27,931,902

* Other receivables as at 30 June 2024 excluded sundry deposits & prepayments of RM2,577,189.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (cont'd)

Maturity profile of financial liabilities

The table below shows the contractual undiscounted cash flows payable for financial liabilities of the Company based on the remaining contractual maturities:

	Carrying value RM'000	Up to 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2025					
Other payables	441,244	441,244	-	-	441,244
Lease liabilities	5,336	1,935	3,043	358	5,336
Derivative liabilities	141	141	-	-	141
Subordinated notes	300,000	158,073	163,882	-	321,955
Total financial liabilities	746,721	601,393	166,925	358	768,676

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (cont'd)

Maturity profile of financial liabilities (cont'd)

The table below shows the contractual undiscounted cash flows payable for financial liabilities of the Company based on the remaining contractual maturities: (cont'd)

	Carrying value RM'000	Up to 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2024					
Other payables	398,216	398,216	-	-	398,216
Lease liabilities	7,818	2,237	4,833	748	7,818
Derivative liabilities	870	870	-	-	870
Subordinated notes	604,679	22,302	368,250	311,392	701,944
Total financial liabilities	1,011,583	423,625	373,083	312,140	1,108,848

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (cont'd)

Maturity profile for insurance and reinsurance contract liabilities not measured under PAA

The following tables below show the maturity profile of insurance contracts issued and reinsurance contracts held not measured under PAA that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out:

2025	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	No maturity date RM'000	Total RM'000
Insurance contract assets	(3,640)	(11,766)	(9,667)	(8,653)	(7,614)	(35,655)	-	(76,995)
Reinsurance contract assets	65,430	(8,021)	(7,429)	(6,670)	(5,827)	(24,657)	-	12,826
	69,070	**3,745**	**2,238**	**1,983**	**1,787**	**10,998**	**-**	**89,821**
Insurance contract liabilities	13,030,836	484,876	647,808	635,226	631,235	6,714,419	181,437	22,325,837
Reinsurance contract liabilitites	(16,084)	(12,996)	(11,653)	(10,099)	(8,723)	(53,611)	-	(113,166)
	13,046,920	**497,872**	**659,461**	**645,325**	**639,958**	**6,768,030**	**181,437**	**22,439,003**
2024								
Insurance contract assets	(9,808)	(15,783)	(13,710)	(11,227)	(9,770)	(56,205)	-	(116,503)
Reinsurance contract assets	64,812	(1,491)	(1,580)	(1,439)	(1,265)	5,775	-	64,812
	74,620	**14,292**	**12,130**	**9,788**	**8,505**	**61,980**	**-**	**181,315**
Insurance contract liabilities	12,314,478	349,991	496,773	626,813	634,338	6,762,765	8,939	21,194,097
Reinsurance contract liabilitites	(14,885)	(5,936)	(5,280)	(4,639)	(4,042)	(22,068)	-	(56,850)
	12,329,363	**355,927**	**502,053**	**631,452**	**638,380**	**6,784,833**	**8,939**	**21,250,947**

27 . FINANCIAL RISKS (CONT'D)

(c) Market risk

Market risk is the risk of an unexpected change in the fair value of financial instruments due to adverse movement in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The segmentation of product liabilities facilitates an effective market risk analysis. The Company adopts prudent investment policies and strategies to mitigate adverse market risks. The investment policies guide the strategies on asset mix, asset quality, sector mix, currency mix, interest rate risk exposure and liquidity targets.

(i) Currency risk

The Company faces foreign currency risk, primarily because some of its investments in equity and debt securities are held in currencies other than Ringgit Malaysia to improve the diversification of its portfolio.

Such foreign investments are limited to 10% with no country limit, subject to foreign investments being in jurisdiction with sovereign ratings at least equivalent to that of Malaysia.

The foreign exchange management policy aims to minimise its exposure arising from currency movements. Derivative financial instruments held are solely for the purpose of managing foreign currency risk and are classified as financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

The following are the carrying amounts of the financial assets that are denominated in currencies other than the functional currency of the Company:

	Financial assets RM'000
2025	
Singaporean dollar	145,674
US dollar	17,340
Australian dollar	59
Euro	1
Hong Kong dollar	335,061
Great Britain pound	1
Total	498,136
2024	
Singaporean dollar	156,241
US dollar	7,523
Australian dollar	67
Euro	1
Hong Kong dollar	391,355
Great Britain pound	1
Total	555,188

The financial liabilities of the Company are all denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISKS (CONT'D)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in currency rates for all currencies other than the functional currency stated above, with all other variables held constant showing the impact on the Company's profit after tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

		Impact on profit after tax/equity *
2025		**RM'000**
Change in currency rates:		
Singaporean dollar	+ 5%	254
Hong Kong dollar	+ 5%	611
Singaporean dollar	- 5%	(254)
Hong Kong dollar	- 5%	(611)
2024		
Change in currency rates:		
Singaporean dollar	+ 5%	191
Hong Kong dollar	+ 5%	590
Singaporean dollar	- 5%	(191)
Hong Kong dollar	- 5%	(590)

* Impact on equity reflects adjustments for tax, when applicable.

(ii) Interest rate risk

Interest rate risk is the risk that value of future cash flows of a financial instrument will fluctuate due to changes in market interest rate on interest income from cash and bank balances and other fixed income instruments.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Investment activities and insurance business are inherently exposed to interest rate risk. This risk arises due to differences in pricing or tenure of investments and liabilities. For the insurance business, interest rate risk is managed by limiting the interest rate guarantees that are embedded in the insurance plans. The interest rate risk is also managed through setting the appropriate asset allocation reflecting the liability profile and the availability of suitable instrument in the investment market. The nature of the participating fund gives the Company the flexibility to adjust the policyholders' bonuses or dividends.

In addition, the Company monitors interest rate movements and other economic indicators and takes appropriate measures to ensure that the investment objectives can continue to be met. In addition, this risk is mitigated as the Company holds a diversified portfolio of securities.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, showing the impact on the Company's profit after tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk. To demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Impact on profit after tax/equity*	
	2025 RM'000	**2024 RM'000**
Change in interest rate:		
+ 100 basis point		
Insurance contracts and reinsurance contracts held	96,418	74,931
Financial instruments	(260,925)	(277,048)
- 100 basis point		
Insurance contracts and reinsurance contracts held	(132,963)	(93,133)
Financial instruments	291,757	311,241

* Impact on equity reflects adjustments for tax, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(c) Market risk (cont'd)

(iii) Price risk

Price risk is the risk that the market values of financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company has acknowledged the inherent risk of investing in equities. Management is guided by investment policies that are approved by the Board in monitoring equity exposure and compliance with operational controls. In addition, the Investment Committee, at its bi-monthly meeting, discusses the economic and market outlook, reviews transactions and deliberates on equity allocation. The nature of the participating fund gives the Company the flexibility to adjust the policyholders' bonuses or dividends.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant showing the impact on the Company's equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk. To demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Impact on profit after tax/equity*	
	2025	**2024**
	RM'000	**RM'000**
Change in equity market price:		
+ 20%		
Insurance contracts and reinsurance contracts held	4,021	1,630
Financial instruments	146,580	127,467
- 20%		
Insurance contracts and reinsurance contracts held	(5,653)	(1,679)
Financial instruments	(146,580)	(127,467)

* Impact on equity reflects adjustments for tax, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

27 . FINANCIAL RISKS (CONT'D)

(d) Operational risk

Operational risk relates to the risk of potential loss from a breakdown in internal processes, systems, deficiencies in people and management or operational failure arising from external events. The Company seeks to minimise exposure by ensuring appropriate internal controls and systems, together with trained and competent people are in place throughout the Company. The Company uses comprehensive Risk and Control Self-Assessments as well as Key Risk Indicators to assess and monitor inherent operational risks and the associated control effectiveness.

28 . FAIR VALUE HIERARCHY

Recurring fair values measurements

The table below analyses those financial instruments carried at fair value by their valuation method.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the prices represent actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

Level 2 valuation are mainly based on indicative fair market prices/index by reference to the quotations provided by financial institutions and brokers. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers have occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

28 . FAIR VALUE HIERARCHY (CONT'D)

Fair value of financial instruments carried at fair value

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2025				
Recurring fair value measurements				
Financial assets				
FVTPL financial assets	7,922,214	18,001,061	45,224	25,968,499
FVOCI financial assets	-	630,028	-	630,028
Derivative assets	-	6,774	-	6,774
Total assets	7,922,214	18,637,863	45,224	26,605,301
Financial liabilities				
Derivative liabilities	-	141	-	141
Total liabilities	-	141	-	141
2024				
Recurring fair value measurements				
Financial assets				
FVTPL financial assets	7,524,831	18,316,294	45,577	25,886,702
Derivative assets	-	329	-	329
Total assets	7,524,831	18,316,623	45,577	25,887,031
Financial liabilities				
Derivative liabilities	-	870	-	870
Total liabilities	-	870	-	870

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	2025 RM'000	2024 RM'000
FVTPL financial assets		
At 1 July	45,577	28,386
Fair value (losses)/ gains	(353)	17,191
At 30 June	45,224	45,577

NOTES TO THE FINANCIAL STATEMENTS

28 . FAIR VALUE HIERARCHY (CONT'D)

Fair value of financial instruments carried at fair value (cont'd)

FVTPL financial assets measured at Level 3 are valued using the net assets valuation technique. Higher net assets lead to a higher fair value, as the key input is the net assets.

29 . OPERATING SEGMENTS

The Company's activities are organised by funds and segregated into the Life Fund and Shareholders' Fund in accordance with the Financial Services Act 2013. The Company's statement of financial position and income statement have been further analysed by funds which include the Life Fund and Shareholders' Fund. The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Investment-linked products.

STATEMENT OF FINANCIAL POSITION BY FUNDS 30 JUNE 2025

	Shareholders' Fund RM'000	Life Fund RM'000	Inter-fund elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	1,465	73,047	-	74,512
Intangible assets	-	8,958	-	8,958
Right-of-use assets	166	4,912	-	5,078
Investment properties	209,000	264,700	-	473,700
Financial assets	978,746	26,915,517	-	27,894,263
- FVTPL financial assets	848,514	25,119,985	-	25,968,499
- FVOCI financial assets	-	630,028	-	630,028
- AC financial assets	130,232	1,165,504	-	1,295,736
Insurance contract assets	-	61,752	-	61,752
Reinsurance contract assets	-	96,782	-	96,782
Derivative assets	286	6,488	-	6,774
Tax recoverables	4,229	32,443	-	36,672
Other receivables	3,578,232	95,843	(3,568,026)	106,049
Cash and cash equivalents	12,389	1,004,196	-	1,016,585
Total assets	4,784,513	28,564,638	(3,568,026)	29,781,125

NOTES TO THE FINANCIAL STATEMENTS

29 . OPERATING SEGMENTS (CONT'D)

STATEMENT OF FINANCIAL POSITION BY FUNDS 30 JUNE 2025 (CONT'D)

	Shareholders' Fund RM'000	Life Fund RM'000	Inter-fund elimination RM'000	Total RM'000
Equity, policyholders' fund and liabilities				
Share capital	200,000	-	-	200,000
Reserves	3,679,637	-	-	3,679,637
Total equity	3,879,637	-	-	3,879,637
Insurance contract liabilities	(19,500)	24,352,866	-	24,333,366
Reinsurance contract liabilities	-	37,592	-	37,592
Subordinated notes	300,000	-	-	300,000
Lease Liabilities	225	5,111	-	5,336
Deferred tax liabilities	630,253	123,016	-	753,269
Derivative liabilities	6	135	-	141
Tax payables	9,928	20,612	-	30,540
Other payables	(16,036)	4,025,306	(3,568,026)	441,244
Total policyholders' fund and liabilities	904,876	28,564,638	(3,568,026)	25,901,488
Total equity, policyholders' fund and liabilities	4,784,513	28,564,638	(3,568,026)	29,781,125

NOTES TO THE FINANCIAL STATEMENTS

29 . OPERATING SEGMENTS (CONT'D)

STATEMENT OF FINANCIAL POSITION BY FUNDS 30 JUNE 2024

	Shareholders' Fund RM'000	Life Fund RM'000	Inter-fund elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	1,570	74,393	-	75,963
Intangible assets	-	9,217	-	9,217
Right-of-use assets	290	7,149	-	7,439
Investment properties	209,000	262,630	-	471,630
Financial assets	1,216,848	25,082,237	-	26,299,085
- FVTPL financial assets	971,293	24,915,409	-	25,886,702
- AC financial assets	245,555	166,828	-	412,383
Insurance contract assets	-	95,189	-	95,189
Reinsurance contract assets	-	95,525	-	95,525
Derivative assets	11	318	-	329
Other receivables	3,244,513	165,692	(3,240,916)	169,289
Cash and cash equivalents	46,255	1,419,521	-	1,465,776
Total assets	4,718,487	27,211,871	(3,240,916)	28,689,442

NOTES TO THE FINANCIAL STATEMENTS

29 . OPERATING SEGMENTS (CONT'D)

STATEMENT OF FINANCIAL POSITION BY FUNDS 30 JUNE 2024 (CONT'D)

	Shareholders' Fund RM'000	Life Fund RM'000	Inter-fund elimination RM'000	Total RM'000
Equity, policyholders' fund and liabilities				
Share capital	200,000	-	-	200,000
Reserves	3,342,879	-	-	3,342,879
Total equity	3,542,879	-	-	3,542,879
Insurance contract liabilities	(26,000)	23,401,832	-	23,375,832
Reinsurance contract liabilities	-	41,831	-	41,831
Derivative liabilities	28	842	-	870
Deferred tax liabilities	575,394	118,449	-	693,843
Tax payables	7,848	15,626	-	23,474
Other payables	13,287	3,625,845	(3,240,916)	398,216
Lease Liabilities	372	7,446	-	7,818
Subordinated notes	604,679	-	-	604,679
Total policyholders' fund and liabilities	1,175,608	27,211,871	(3,240,916)	25,146,563
Total equity, policyholders' fund and liabilities	4,718,487	27,211,871	(3,240,916)	28,689,442

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONT'D)

STATEMENT OF PROFIT OR LOSS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Shareholders' Fund RM'000	Life Fund RM'000	Total RM'000
Insurance revenue	-	1,900,957	1,900,957
Insurance service expenses	-	(1,683,770)	(1,683,770)
Insurance service result before reinsurance contracts held	-	217,187	217,187
Allocation of reinsurance premiums	-	(222,761)	(222,761)
Amounts recoverable from reinsurers for incurred claims	-	185,109	185,109
Net expense from reinsurance contracts held	-	(37,652)	(37,652)
Insurance service result	-	179,535	179,535
Interest revenue from financial assets not measured at FVTPL	10,588	74,978	85,566
Net gains on FVTPL investments	55,127	1,184,252	1,239,379
Net losses on FVOCI investments	-	(23)	(23)
Net rental expenses from investment properties	(2,737)	(1,672)	(4,409)
Net gains from fair value adjustments to investment properties	-	2,070	2,070
Net credit impairment losses	-	(13)	(13)
Other investment income	298	10,922	11,220
Total investment income	63,276	1,270,514	1,333,790
Net finance expense from insurance contracts issued	-	(1,002,306)	(1,002,306)
Net finance expense from reinsurance contracts held	-	(4,785)	(4,785)
Net insurance finance expenses	-	(1,007,091)	(1,007,091)
Net insurance and investment results	63,276	442,958	506,234

NOTES TO THE FINANCIAL STATEMENTS

29 . OPERATING SEGMENTS (CONT'D)

STATEMENT OF PROFIT OR LOSS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

	Shareholders' Fund RM'000	Life Fund RM'000	Total RM'000
Net insurance and investment results (cont'd)	63,276	442,958	506,234
Other income	5,235	15,891	21,126
Other expenses	(17,415)	(8,015)	(25,430)
Finance costs	(17,803)	-	(17,803)
Net other (expenses)/income	(29,983)	7,876	(22,107)
Profit before taxation	33,293	450,834	484,127
Taxation	(72,870)	(39,489)	(112,359)
(Net losses)/profit for the financial year	(39,577)	411,345	371,768

STATEMENT OF OTHER COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Shareholders' Fund RM'000	Life Fund RM'000	Total RM'000
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss:			
Net profit on investments measured at FVOCI for the financial year	-	6,591	6,591
Net losses on FVOCI investments reclassified to profit or loss on disposal for the financial year	-	23	23
Tax effects thereon	-	(1,624)	(1,624)
Other comprehensive income for the financial year, net of tax	-	4,990	4,990
Total comprehensive income for the financial year, net of tax	(39,577)	416,335	376,758

NOTES TO THE FINANCIAL STATEMENTS

29 . OPERATING SEGMENTS (CONT'D)

STATEMENT OF PROFIT OR LOSS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Shareholders' Fund RM'000	Life Fund RM'000	Total RM'000
Insurance revenue	-	1,776,788	1,776,788
Insurance service expenses	-	(1,613,558)	(1,613,558)
Insurance service result before reinsurance contracts held	-	163,230	163,230
Allocation of reinsurance premiums	-	(185,427)	(185,427)
Amounts recoverable from reinsurers for incurred claims	-	153,837	153,837
Net expense from reinsurance contracts held	-	(31,590)	(31,590)
Insurance service result	-	131,640	131,640
Interest revenue from financial assets not measured at FVTPL	8,276	44,877	53,153
Net gains on FVTPL investments	97,994	2,238,059	2,336,053
Net rental expenses from investment properties	(1,775)	(1,644)	(3,419)
Other investment expenses	(73)	(1,547)	(1,620)
Total investment income	104,422	2,279,745	2,384,167
Net finance expense from insurance contracts issued	-	(1,836,859)	(1,836,859)
Net finance income from reinsurance contracts held	-	2,038	2,038
Net insurance finance expenses	-	(1,834,821)	(1,834,821)
Net insurance and investment results	104,422	576,564	680,986
Other income	5,048	14,007	19,055
Other expenses	(20,613)	(6,189)	(26,802)
Finance costs	(22,515)	-	(22,515)
Net other (expenses)/income	(38,080)	7,818	(30,262)
Profit before taxation	66,342	584,382	650,724
Taxation	(95,476)	(157,361)	(252,837)
(Net losses)/profit for the financial year	(29,134)	427,021	397,887

NOTES TO THE FINANCIAL STATEMENTS

30 . EQUITY COMPENSATION BENEFITS

Executive Share Scheme

HLFG established and implemented the following Executive Share Schemes for the Company.

Executive Share Scheme 2022 ("ESS 2022")

HLFG had on 28 April 2022 established the ESS 2022 which comprises a new executive share option scheme ("ESOS 2022") and a new executive share grant scheme ("ESGS 2022") for the eligible executives and/or directors of the Company ("Eligible Executives") to replace the expired Executive Share Scheme 2013. The ESS 2022 shall be in force until terminated by the Board of Directors of HLFG.

There are no options or grants granted to date.

A trust has been set up for the Employee Share Scheme and it is administered by an appointed trustee. This trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase ordinary shares of HLFG from the open market for the purposes of this trust.

The number of ordinary shares of HLFG held by the Trustee are as follows:

	2025 '000 units	2024 '000 units
As at 1 July/30 June	4,092	4,092

31 . SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year under review.

32 . SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

There were no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.