YF FINANCIAL

# Yunfeng Financial Group Limited
# 雲鋒金融集團有限公司

*(Incorporated in Hong Kong with limited liability)*
**(Stock Code: 376)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board of directors (the "**Board**") of Yunfeng Financial Group Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025. The unaudited condensed consolidated interim results have been reviewed by the Company's audit committee and the Company's independent auditor.

# Corporate information

**Board of Directors**

**Chairman**

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

**Executive Directors**

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

**Non-Executive Directors**

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

**Independent Non-Executive Directors**

Mr. Qi Daqing
Mr. Chu Chung Yue, Howard
Mr. Xiao Feng
Mr. Liang Xinjun

**Audit Committee**

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

**Remuneration Committee**

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

**Nomination Committee**

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

**Authorised representatives**

Mr. Huang Xin
Mr. Chan Man Ko

**Company secretary**

Mr. Chan Man Ko *(Chief Financial Officer)*

**Auditor**

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

**Bankers**

Bank of Communications (Hong Kong)
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong)
Citibank, N.A.
Nanyang Commercial Bank Limited

**Share registrar**

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

**Registered and principal office**

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

**Website**

www.yff.com

**Stock code**

376

# Management discussion and analysis

The board of directors (the “Board”) of Yunfeng Financial Group Limited (the “Company”) submit herewith the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2026 (the “First Half of 2026”, “1H 2026” or the “Period”), together with the comparative figures for the corresponding period in 2025 (the “First Half of 2025”, the “Prior Period” or “1H 2025”).

## Overview

In the first half of 2026, prolonged geopolitical tensions, volatile energy prices, shifting trade policies and uncertainty over the direction of monetary policy in major economies continued to create uncertainty. Hong Kong's economy and capital markets remained broadly resilient, while the Group continued to focus on insurance as its core business and steadily advanced its securities and financial technology businesses.

During the Period, the Group's insurance business recorded growth in gross premiums and operating profit, while continuing to advance product innovation and diversified channel development. The new product “WealthPulse Universal Life Insurance Saver” launched by YF Life Insurance International Limited ("YF Life") received a positive market response.

In other financial services, the Group continued to advance Hong Kong initial public offering ("IPO") business, enhance the "Yunfeng Youyu" App and launch innovative products. New account openings increased substantially during the Period, while strategic investments in key financial ecosystem companies further strengthened the Group's AI+Blockchain digital financial ecosystem.

The Group’s main sources of revenue include life insurance premium income and other financial businesses. There is no material change in the Group’s core business activities compared to that of year 2025.

For the Period, the Group’s total insurance premium and fee income amounted to HK$8,989 million, representing an increase of 20% compared to that of HK$7,493 million for the Prior Period. The Group’s consolidated profit amounted to HK$949 million, representing an increase of 24% compared to that of HK$765 million for the Prior Period. The net profit attributable to equity shareholders of the Company amounted to HK$632 million, representing an increase of 30% compared to HK$486 million for the Prior Period. The increase in net profit attributable to equity shareholders of the Company for the Period was mainly due to the continued improvements in the operating efficiency of its insurance business and solid investment returns, which together enhanced overall profitability.

## Financial result review

Significant financial information

Consolidated profit and loss analysis for the six months ended 30 June, HK$ million

| **Income** | *2026* | *2025* | *Change %* |
|---|---|---|---|
| Net operating income | 777 | 686 | 13 |
| Net profit attributable to the owners | 632 | 486 | 30 |
| Basic earnings per share (HK$) (*Note 1*) | 0.16 | 0.13 | 23 |
| Interim dividend proposed per share | - | - | N/A |

Consolidated financial position analysis, HK$ million

| | *At 30 June 2026* | *At 31 December 2025* | *Change %* |
|---|---|---|---|
| Total assets | 119,045 | 111,099 | 7 |
| Total comprehensive equity (*Note 2*) | 28,805 | 28,003 | 3 |
| Owner's comprehensive equity (*Note 3*) | 19,947 | 19,343 | 3 |
| Owner's comprehensive equity per share (HK$) (*Note 4*) | 4.91 | 4.77 | 3 |
| Group embedded value equity (*Note 5*) | 25,112 | 24,185 | 4 |
| Owner's group embedded value equity (*Note 6*) | 17,350 | 16,660 | 4 |
| Owner's group embedded value equity per share (HK$) (*Note 4*) | 4.27 | 4.10 | 4 |

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

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

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

*Note 4:* The denominator is total issued shares as of 30 June/31 December of the respective years.

## Financial result review (continued)

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

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

**Analysis on profit for six months ended 30 June, HK$ million**

| | *2026* | *2025* | *Change %* |
|---|---|---|---|
| **YF Life segment net operating income** | 793 | 696 | 14 |
| **Other financial services and corporate segment operating loss** | (16) | (10) | 60 |
| Net operating income | 777 | 686 | 13 |
| Adjust for the following income and expenses impact: | | | |
| - Short-term fluctuations in investment returns, exchange fluctuation and discount rate related to insurance business | 248 | 221 | 12 |
| - Investment return related to other financial service business | (22) | (64) | (66) |
| - Finance costs *(Note 2)* | (61) | (83) | (27) |
| - Other items *(Note 3)* | (4) | (2) | 1 time |
| - Consolidation adjustments *(Note 4)* | 11 | 7 | 57 |
| **Profit for the period** | 949 | 765 | 24 |
| Less: non-controlling interests | (317) | (279) | 14 |
| Net profit attributable to the owners | 632 | 486 | 30 |

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

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

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

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

## Financial result review (continued)

**Changes in total comprehensive equity**

| **HK$ million** | *2026* |
|---|---|
| Balance at 1 January | 28,003 |
| Profit for the period | 949 |
| Exchange reserve movement and net deferred tax impact in reserves | 125 |
| Net fair value reserve and other movement (*Note 1*) | (172) |
| Dividend paid to non-controlling interests of a subsidiary | (100) |
| Balance at 30 June | 28,805 |
| **Attributable to:** | |
| - Equity shareholders of the Company | 19,947 |
| - Non-controlling interests | 8,858 |
| Total comprehensive equity | 28,805 |

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

## Group embedded value and group embedded value equity

Group embedded value ("Group EV") is a financial metric used to estimate the consolidated value of shareholders' future profits from in-force policies, calculated as the sum of the adjusted net worth ("ANW") and the value of in-force business ("VIF"). Group embedded value equity refers to the total of Group EV, goodwill and intangible assets, net of relevant tax attributable to the owners of the Company and non-controlling interests.

| | *As at 30 June 2026* HK$ million | *As at 31 December 2025* HK$ million | *Change %* |
|---|---|---|---|
| Group EV | 23,077 | 22,078 | 5 |
| Goodwill and intangible assets, net of relevant tax | 2,035 | 2,107 | (3) |
| Group EV Equity | 25,112 | 24,185 | 4 |
| Attributable to: | | | |
| Owners of the Company | 17,350 | 16,660 | 4 |
| Non-controlling interests | 7,762 | 7,525 | 3 |
| Group EV Equity | 25,112 | 24,185 | 4 |

## Business review

## Insurance business review

To facilitate a more thorough and comprehensive review of the insurance business, YF Life, related financial data below is presented on a half year basis, while the fair value accounting adjustments made on the acquisition, intragroup consolidation adjustment and transaction elimination are excluded. Such basis is considered being able to provide readers with more relevant information on the business performance of the insurance business segments.

### Overview

During the First Half of 2026, our insurance business remained as authorised insurer licensed to carry on life and annuity, linked long term, permanent health, and retirement scheme management long term insurance businesses in Hong Kong. It also operates in Macao through a branch office and is licensed to sell life insurance products in Macao.

Our insurance business division is committed to meeting our clients' various needs by continuously enriching our product offerings and maintaining a diversified product suite. Our four flagship products include: (i) the "Beyond Infinity Savings Insurance Plan", flexible participating savings plans for wealth accumulation and include key features such as multiple policy currency exchange, flexible policy-split, bonus lock-in, premium holiday, and also the freedom to convert the cash value into lifetime annuity income; (ii) the "PrimeHealth" series which are critical illness products covering a wide range of illnesses; (iii) the "FLEXI-ULife Prime Saver", a flexible universal life insurance plan; and (iv) the "MY Flexi Lifetime Annuity", a plan providing guaranteed lifetime annuity income to act as a safety net during the customer's retirement. In June 2026, a new product "WealthPulse Universal Life Insurance Saver" was launched and a strong market response was observed albeit early in the product lifecycle.

As of 30 June 2026, the tied agency force consisted of approximately 2,727 (31 December 2025: 2,786) agents in Hong Kong and Macao. In addition to tied agency force, we also utilise brokers and agency intermediaries as well as banks and other financial institutions to distribute insurance products. The insurance business division has more than 547,000 (31 December 2025: 540,000) in-force individual policies.

During the First Half of 2026, we continued to develop and grow our tied agency to increase penetration in market. Continuous growth in APE was observed in the agency channel while our brokerage channel also contributed to the overall APE of the insurance business division. Bancassurance sales observed strength growth with continue effort to reinforce our bank partnerships.

Our insurance division continued to innovate and introduce new savings, protection and annuity products targeted at our key customer segments to grow both local customer and Chinese Mainland Visitor (CMV) sales, as well as support channel development. YF Life continued to invest and strengthen the new brand concept and image "Invesurance" to demonstrate its commitment to protecting and growing customer's interests over the long term. Technology empowerment remains one of YF Life's core values. We introduced new features to our sales and customer platforms as part of our ongoing commitment to enhance sales efficiency and provide a seamless experience for our customers.

## Insurance business review (continued)

### Non HKFRS supplementary financial information

***Total premium and fee income***

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

| | *For the six months ended 30 June* | | |
|---|---|---|---|
| | *2026* | *2025* | *Change %* |
| | HK$ million | HK$ million | |
| Total premium and fee income | 8,989 | 7,493 | 20 |

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

## Insurance business review (continued)

### Business volume

***By product type***

| | *For the six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$ million | HK$ million |
| Regular premium | 8,796 | 7,358 |
| Single premium | 188 | 131 |
| Fee income | 5 | 4 |
| | 8,989 | 7,493 |

### Embedded value

The Embedded Value method is a commonly adopted alternative method of measuring the value and profitability of a life insurance company. Embedded Value is an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business.

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

## Insurance business review (continued)

### Embedded value (continued)

The embedded value of the insurance business as at 30 June 2026 is HK$23,830 million (31 December 2025: HK$23,047 million) with breakdown as below.

HK$ million

| | *As at 30 June 2026* | *As at 31 December 2025* | *Change %* |
|---|---|---|---|
| Adjusted Net Worth ("ANW") *(Note 1)* | 17,996 | 17,972 | - |
| Value of in-force ("VIF") business after cost of capital *(Note 2)* | 5,834 | 5,075 | 15 |
| Embedded value | 23,830 | 23,047 | 3 |
| Attributable to: | | | |
| Owners of the Company | 16,633 | 16,087 | 3 |
| Non-controlling interests | 7,197 | 6,960 | 3 |
| Embedded value | 23,830 | 23,047 | 3 |

Note 1: The ANW represents the market value of assets in excess of the assets backing the policy reserves and other liabilities. The shareholder dividend distributed in May 2026 has been reflected.

Note 2: The VIF is the present value of future estimated after-tax statutory profits from in-force business, discounted at the risk discount rate. The increase is mainly driven by new business sales in 2026.

The annual premium equivalent ("APE") (Note) for the First Half of 2026 amounted to HK$2,280 million, representing a 3% growth compared to HK$2,222 million in the First Half of 2025.

For agency channel, it recorded a 32% increase in average productivity, 32% increase in average premium size and achieve seventh in ranking of MDRT for Hong Kong market. On the other hand, in terms of achieving service excellence, broker channel is able to maintain an above 98% 25-month persistency rate of insurance policies.

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

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

## Insurance business review (continued)

### Key financial data of insurance business segment

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

| | *For the six months ended 30 June* | | |
|---|---|---|---|
| | *2026* HK$ million | *2025* HK$ million | *Change %* |
| Insurance revenue *(Note a)* | 1,659 | 1,533 | 8 |
| Insurance service expenses *(Note b)* | (1,202) | (1,093) | 10 |
| Net expenses from reinsurance contracts | (3) | (30) | (90) |
| Insurance service result *(Note c)* | 454 | 410 | 11 |
| Investment return | 2,736 | 2,710 | 1 |
| Net finance expenses from insurance contracts *(Note d)* | (1,968) | (2,113) | (7) |
| Net finance income from reinsurance contracts *(Note d)* | 145 | 93 | 56 |
| Movement in investment contract liabilities | (113) | (106) | 7 |
| Net financial result | 800 | 584 | 37 |
| Revenue from investment management services and other income | 32 | 35 | (9) |
| Other operating expenses *(Note e)* | (85) | (49) | 73 |
| Profit before taxation | 1,201 | 980 | 23 |
| Taxation | (164) | (64) | 2 times |
| Profit after taxation | 1,037 | 916 | 13 |

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

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

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

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

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

## Insurance business review (continued)

### Net operating income

For management decision making and internal performance management purpose, the Group refers to the net operating income ("NOI") representing profit generate from core business activities for the Period increase by 14% to HK$793 million.

| | *For the six months ended 30 June* | | |
|---|---|---|---|
| | *2026* HK$ million | *2025* HK$ million | *Change %* |
| Insurance service result (Note 1) | 438 | 382 | 15 |
| Investment result (Note 2) | 591 | 485 | 22 |
| Others (Note 3) | (236) | (171) | 38 |
| **Net operating income** | 793 | 696 | 14 |
| Adjust for the following income and expenses impact: | | | |
| - Short-term fluctuations in investment returns, exchange fluctuation and discount rate (Note 4) | 248 | 222 | 12 |
| - Other transactions (Note 5) | (4) | (2) | 1 time |
| **Profit for the period** | 1,037 | 916 | 13 |

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

| | *For the six months ended 30 June* | | |
|---|---|---|---|
| | *2026* HK$ million | *2025* HK$ million | *Change %* |
| Net CSM release | 388 | 370 | 5 |
| Impact of variances and risk adjustment net of reinsurance result | 50 | 12 | 3 times |
| Insurance service result | 438 | 382 | 15 |

## Insurance business review (continued)

### Net operating income (continued)

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

| | *For the six months ended 30 June* | | |
|---|---|---|---|
| | *2026* | *2025* | *Change %* |
| | HK$ million | HK$ million | |
| Interest income and others | 1,708 | 1,572 | 9 |
| Investment return for equities | 167 | 127 | 31 |
| Insurance finance expenses and others | (1,284) | (1,214) | 6 |
| Investment result | 591 | 485 | 22 |

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

The annualised fixed income (interest income) yield* increases gradually from 4.5% in 2025 to 4.6% in 2026. The annualised total investment return# including return for equities increases from 4.6% in 2025 to 4.7% in 2026.

* The annualised fixed income yield is calculated as interest income divided by the average amount of fixed income portfolio (excluding principal protected notes and asset-backed hybrid facility/investment agreement) for the Period ended 30 June.

\# The annualised total investment return is calculated as interest income and others and investment return for equities, divided by the average amount of total assets under investment management for the Period ended 30 June.

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

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

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

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

## Insurance business review (continued)

### Assets and Liabilities

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

| | *As at 30 June 2026* HK$ million | *As at 31 December 2025* HK$ million |
|---|---|---|
| Investments (excluding unit-linked investments) | 91,616 | 84,792 |
| Unit-linked investments | 6,494 | 6,362 |
| Investments in associates | 73 | 74 |
| Cash and deposits | 5,433 | 5,621 |
| Reinsurance contract assets | 8,383 | 7,482 |
| Other assets | 2,842 | 2,825 |
| Total assets | 114,841 | 107,156 |
| Insurance contract liabilities | 89,449 | 82,629 |
| Investment contract liabilities | 5,212 | 5,157 |
| Other liabilities | 2,469 | 2,081 |
| Total liabilities | 97,130 | 89,867 |
| Net assets | 17,711 | 17,289 |
| Net CSM | 10,010 | 9,782 |
| Comprehensive Equity | 27,721 | 27,071 |

As at 30 June 2026, the investments and cash and deposits amounted to HK$97,049 million comprised of 76% debt securities, 6% loans and receivables, 12% equity (9% is from direct participating contracts) and 6% cash and deposits. Debt securities and loans and receivables are considered fixed income type of investment, representing 82% of the total investments and cash and deposits. Within the fixed income portfolio (excluding principal protected notes), 97% (31 December 2025: 97%) are investment grade rated (i.e. BBB- or above), comprised of 6% rated AAA, 22% rated AA, 45% rated A, 24% rated BBB and the remaining 3% of investments rated BB & below. The above credit ratings are referred to public credit ratings from reputable credit rating agencies or internal rating analysis with the support from external investment manager using similar credit rating methodology.

As at 30 June 2026, the total assets under management ("AUM") of insurance business including those managed through non-consolidated entities like MPF schemes amounted to HK$110,365 million (31 December 2025: HK$102,951 million).

## Insurance business review (continued)

### Investment analysis

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

By geography

| Rank | **Geography** *(Note 1)* | % of Total |
|---|---|---:|
| 1 | United States | 77.3% |
| 2 | China, Hong Kong and Macao | 5.4% |
| 3 | Australia | 2.1% |
| 4 | Canada | 1.9% |
| 5 | Chile | 1.9% |
| 6 | Japan | 0.9% |
| 7 | Indonesia | 0.8% |
| 8 | Mexico | 0.7% |
| 9 | France | 0.7% |
| 10 | Netherlands | 0.7% |
| 11 | United Kingdom | 0.6% |
| 12 | Singapore | 0.6% |
| 13 | Saudi Arabia | 0.6% |
| 14 | Switzerland | 0.4% |
| 15 | Diversified *(Note 2)* | 2.5% |
| 16 | Others *(Note 3)* | 2.7% |
| | Total *(Note 5)* | 100% |

By sector

| Rank | **Sector** *(Note 1)* | % of Total |
|---|---|---:|
| 1 | Electric | 15.0% |
| 2 | Consumer Non-Cyclical | 14.4% |
| 3 | Energy | 8.3% |
| 4 | Technology | 6.8% |
| 5 | Insurance | 6.6% |
| 6 | Consumer Cyclical | 5.2% |
| 7 | Banking | 4.6% |
| 8 | Treasuries | 4.4% |
| 9 | Capital Goods | 4.2% |
| 10 | Basic Industry | 4.0% |
| 11 | Commercial Mortgage | 3.9% |
| 12 | Transportation | 3.9% |
| 13 | REITs | 3.8% |
| 14 | Government Owned No Guarantee | 3.4% |
| 15 | Communications | 3.1% |
| 16 | Brokerage/Asset Managers/Exchange | 2.7% |
| 17 | Natural Gas | 1.4% |
| 18 | Industrial Other | 1.0% |
| 19 | Others *(Note 4)* | 3.3% |
| | Total *(Note 5)* | 100% |

*Notes:*

1. Unit-linked investments are excluded. By geography, exposures include fixed income portfolio and equities (excluding exchange traded funds). By industry sector, exposures include fixed income portfolio (excluding principal protected notes) only.
2. Diversified includes alternative fund exposures
3. Others represent 20 countries/regions
4. Others represent total of 15 industries
5. Due to rounding, numbers presented in the table may not add up precisely

## Insurance business review (continued)

### Investment assets

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

| | *As at 30 June 2026* HK$ million | *As at 31 December 2025* HK$ million |
|---|---|---|
| **General investment and surplus assets** | | |
| Debt securities | 70,671 | 67,775 |
| Loans and receivables | 4,176 | 3,985 |
| Equity securities | 3,428 | 3,275 |
| Cash for investment | 2,290 | 2,948 |
| | 80,565 | 77,983 |
| **Direct participating contracts** | | |
| Debt securities | 8,260 | 7,544 |
| Loans and receivables | 1,477 | 330 |
| Equity securities | 8,369 | 6,398 |
| Cash for investment | 942 | 357 |
| | 19,048 | 14,629 |
| **Unit-linked investments** | | |
| Equity securities | 6,494 | 6,362 |
| Cash for investment | 10 | - |
| | 6,504 | 6,362 |
| | 106,117 | 98,974 |

## Insurance business review (continued)

### Insurance contract liabilities and reinsurance contract assets

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

| | *As at 30 June 2026* HK$ million | *%* | *As at 31 December 2025* HK$ million | *%* |
|---|---|---|---|---|
| Fulfilment cashflow | 71,056 | 88 | 65,365 | 87 |
| Net CSM | 10,010 | 12 | 9,782 | 13 |
| Net balance | 81,066 | 100 | 75,147 | 100 |
| Comprised of: | | | | |
| Insurance contract liabilities | 89,449 | | 82,629 | |
| Reinsurance contract assets | (8,383) | | (7,482) | |
| | 81,066 | | 75,147 | |

## Insurance business review (continued)

### Insurance contract liabilities and reinsurance contract assets (continued)

The table below sets forth the net CSM roll forward which provides information on the economic impact of changes during the Period to understand the performance of our business in terms of future profitability and contribution to current year financial performance to align with NOI performance management purpose. The net CSM has grown by 2% from HK$9,782 million as of 31 December 2025 to HK$10,010 million due to new business generated.

| | *Notes* | *2026* HK$ million |
|---|---|---|
| Net CSM as at 1 January | | 9,782 |
| New business CSM | *a* | 623 |
| Expected return on In-force | *b* | 85 |
| Economic variances | *c* | 120 |
| Experience variances | *d* | (263) |
| Exchange rate impact | | 51 |
| CSM release | *e* | (388) |
| Net CSM as at 30 June | | 10,010 |

Notes:

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

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

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

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

e) The release of net CSM is based on coverage units, a function of quantity of benefit provided and expected coverage period, provided for the period of the group of contracts. The CSM release rate throughout 2026 remains stable compared with 2025.

## Insurance business review (continued)

### Comprehensive equity movement

The table below sets forth the movement in comprehensive equity which is the total of net assets and net CSM. Comprehensive equity represents the aggregate value of historical profit and future profitability from in-force business net of cumulative returns to shareholders. The comprehensive equity has grown from HK$27,071 million as of 31 December 2025 to HK$27,721 million due to strong new business generated.

| | *As at 30 June 2026* HK$ million | *As at 31 December 2025* HK$ million |
|---|---|---|
| Balance as at 1 January | 27,071 | 24,057 |
| Net profit for the period | 1,037 | 1,376 |
| Exchange reserve movement and tax | 114 | 35 |
| Net fair value reserve and other movement (Note 1) | (171) | 1,903 |
| Dividend repatriation | (330) | (300) |
| Balance as at 30 June/31 December | 27,721 | 27,071 |

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

## Insurance business review (continued)

### Key operational data of the insurance division

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

| | *As at 30 June 2026* | *As at 31 December 2025* |
|---|---|---|
| Number of tied agents | 2,727 | 2,786 |
| Number of brokers and non-tied agents | 530 | 526 |
| Number of bancassurance partners | 7 | 7 |
| Expenses ratio (Note 1) | 6.4% | 7.2% |

Notes:

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

### Financial strength and solvency margin

During the period ended 30 June 2026, our insurance business has strictly adhered to the regulatory minimum capital requirement as determined at the relevant time in accordance with the Insurance Ordinance ("IO") and maintain sufficient available capital for operation purpose.

The solvency ratio of YF Life as at 30 June 2026 is assessed and calculated to be at 212%, which is higher than the regulatory minimum solvency ratio requirement of 100%.

## Other financial service business

In the first half of 2026, Yunfeng Securities participated in a number of Hong Kong IPOs, while the Group's "Yunfeng Youyu" App continued to enhance its account-opening and trading functions and recorded substantial growth in new account openings during the Period.

In AI+Blockchain and digital asset businesses, the Group completed a strategic investment in AlphaToken, a next-generation digital asset financial infrastructure platform, further strengthening its underlying infrastructure and service capabilities for tokenised real-world assets ("RWA"). In May, the "Yunfeng Youyu" App launched a physical gold token product, backed by physical gold and supported by AlphaToken's underlying blockchain and asset tokenisation infrastructure, further expanding RWA and alternative asset services for professional investors. During the Period, the Group also completed a strategic investment in WooshPay, a global financial infrastructure and payment platform, to expand its cross-border payment and compliant settlement capabilities.

## Prospect

Looking ahead to the second half of 2026, the Group will continue to strengthen its capabilities in product innovation, asset allocation, platform services and risk management, and build a distinctive Yunfeng integrated financial ecosystem that connects traditional finance with digital assets and brings together insurance protection, securities trading, asset management and digital asset services. Within a prudent risk management framework, the Group will provide customers with safer, more efficient and more intelligent integrated financial services and continue to enhance sustainable long-term returns for shareholders.

## Liquidity and financial resources

As at 30 June 2026, the Group had fixed bank deposits with original maturity over 3 months and cash and cash equivalents amounting to HK$6,993 million (31 December 2025: HK$6,896 million). As at 30 June 2026, the Group has HK$788 million (31 December 2025: HK$784 million) bank borrowing outstanding and HK$1,641 million (31 December 2025: HK$1,641 million) shareholder’s loan outstanding. The Group’s gearing ratio was 11.44% (31 December 2025: 11.75%), which was measured as total debt excluding those operation related liabilities to total debt excluding those operation related liabilities plus equity.

## Capital structure

Details of movements in share capital of the Company during the Period are set out in the statement of changes in equity to the condensed consolidated interim financial statements.

## Foreign exchange risk

The Group has assets and liabilities denominated in currencies other than Hong Kong dollar and that are subject to fluctuation in foreign exchange amounts in the different currencies. The Group is exposed to currency risk arising from various currency exposures mainly to the extent of its investments and bank balances in multi currencies. Management of the Group monitors the foreign exchange exposure and will hedge significant foreign currency exposure should the need arise as set out in note 4 to the condensed consolidated interim financial statements.

## Material acquisitions and disposals of subsidiaries and associates

The Group did not have any material acquisitions or disposals of subsidiaries and associates during the Period.

## Charges on assets

At the end of the Period, the Group did not have any charges on assets, other than security deposits of HK$9,475,000 (31 December 2025: HK$10,251,000) for banking facilities, HK$21,892,137,000 of investments together with HK$945,365,000 of fixed bank deposits (31 December 2025: HK$20,502,341,000 of investments together with HK$1,019,581,000 of fixed bank deposits) in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

## Commitments

Details of commitments are set out in note 30 to the condensed consolidated interim financial statements.

## Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2026 and 31 December 2025.

## Staffing and remuneration

As at 30 June 2026, the Group employed 667 (31 December 2025: 637) full-time employees mainly located in Hong Kong, Macao and the People’s Republic of China and stringently abided by the relevant labour laws and regulations. To foster a motivated and skilled working team, the Group provides on-the-job training and competitive remuneration packages including salaries and discretionary bonuses for employees.

The remuneration policy and package, including the share options and share awards (if any), of the Group’s employees are maintained at market level and are reviewed annually by the management. There have been no significant changes in the employment, training or development policies of the Group since the publication of the annual report for the year ended 31 December 2025.

## Dividend

The board did not declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

## Use of proceeds from issue of subscription shares

For the proceeds from subscription shares have been utilised subsequent to the subscription as set out under the section "Use of Proceeds" of the Company's announcement dated 16 September 2025, the table below sets out the actual application of net proceeds of usage up to 30 June 2026:

| | *Initial allocation of net proceeds as stated in the Circular* HK$ million | *Unutilised proceeds up to 31 December 2025* HK$ million | *Actual usage from 1 January 2026 to 30 June 2026* HK$ million | *Unutilised proceeds as at 30 June 2026* HK$ million | *Expected timeline for utilising the remaining net proceeds* |
|---|---|---|---|---|---|
| Virtual assets related business (Note 1) | 807.0 | 799.6 | (82.4) | 717.2 | Expected to be fully utilised on or before 31 December 2028 |
| General working capital (Note 2) | 345.8 | 300.6 | (73.6) | 227.0 | Expected to be fully utilised on or before 31 December 2028 |
| Total | 1,152.8 | 1,100.2 | (156.0) | 944.2 | |

*Notes:*

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

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

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

## Events after reporting period

Details of events after reporting period are set out in note 32 to the condensed consolidated interim financial statements.

# Embedded Value

## 1. Background

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

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

## 2. Basis of preparation

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

The Group has appointed PricewaterhouseCoopers Consultants (Shenzhen) Limited, an international firm of consulting actuaries, to examine whether the methodology and assumptions used by us in the preparation of the Embedded Value as at 30 June 2026 are consistent with standards generally adopted by insurance companies in Hong Kong.

## 3. Cautionary statement

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

## 4. Group embedded value and group embedded value equity

| | *As at 30 June 2026* HK$ million | *As at 31 December 2025* HK$ million |
|---|---|---|
| Adjusted Net Worth | 17,243 | 17,003 |
| Value of in-force business before cost of capital of YF Life | 8,918 | 8,089 |
| Cost of capital of YF Life | (3,084) | (3,014) |
| Group EV | 23,077 | 22,078 |
| Goodwill and intangible assets, net of relevant tax | 2,035 | 2,107 |
| Group EV Equity | 25,112 | 24,185 |
| Attributable to: | | |
| Owners of the Company | 17,350 | 16,660 |
| Non-controlling interests | 7,762 | 7,525 |
| Group EV Equity | 25,112 | 24,185 |

## 5. Embedded value of YF Life

5.1 Embedded value

| | *As at 30 June 2026* HK$ million | *As at 31 December 2025* HK$ million |
|---|---|---|
| Adjusted Net Worth | 17,996 | 17,972 |
| Value of in-force business before cost of capital | 8,918 | 8,089 |
| Cost of capital | (3,084) | (3,014) |
| Embedded value | 23,830 | 23,047 |
| Attributable to: | | |
| Owners of the Company | 16,633 | 16,087 |
| Non-controlling interests | 7,197 | 6,960 |
| Embedded value | 23,830 | 23,047 |

5.2 New business value

The new business value of the insurance business for the six months ended 30 June 2026 is HK$561 million, decreased by 8% compared to HK$607 million for the same period last year.

# Other Information

## Directors' and chief executives' interests and/or short positions in the shares, underlying shares and debentures of the company or any associated corporations

As at 30 June 2026, the interests and short positions of each director (the "Director(s)") and chief executives of Yunfeng Financial Group Limited (the "Company") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, or known to the Company, were as follows:

**Long positions in the ordinary shares of the Company ("Shares") and the underlying Shares:**

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

*Note:*

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

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

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

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

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

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

## Long-term incentive schemes

The Company has adopted the share option scheme and share award schemes to recognise the contributions of certain employees or Directors and help to retain them for the Group's operations and further development.

## Long-term incentive schemes (continued)

### Share Option Scheme

The Company adopted a share option scheme on 28 June 2022 (the "2022 Share Option Scheme") and amended its terms on 18 December 2025 (the "Amended Share Option Scheme"). The Amended Share Option Scheme shall remain valid and effective for a period of 10 years commencing on 28 June 2022, being the date of adoption of the 2022 Share Option Scheme, after which no further options shall be granted.

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

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

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

As at 1 January 2026 and 30 June 2026, 405,929,167 Shares were available for grant in aggregate under the Scheme Mandate Limit applicable to the Company's share schemes (including the Amended Share Option Scheme and the 2025 Share Award Scheme), of which 81,185,833 Shares were available under the Service Provider Sublimit.

Since the date of adoption of the Amended Share Option Scheme and up to the date of this announcement, no share options have been granted by the Company under the Amended Share Option Scheme.

During the Period, no share options had been granted, exercised, cancelled, or lapsed. There were no outstanding share options as at 1 January 2026 and 30 June 2026. The number of Shares that may be issued in respect of options granted under all schemes of the Company during the six months ended 30 June 2026 divided by the weighted average number of Shares in issue (excluding treasury shares) for the six months ended 30 June 2026 was nil.

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

## Long-term incentive schemes (continued)

### Share Award Scheme

The Company approved the adoption of a Share Award Scheme (the "2025 Share Award Scheme") on 18 December 2025 (the "Adoption Date"). The share award scheme adopted by the Company on 12 December 2016 (the "2016 Share Award Scheme") was terminated following the adoption of the 2025 Share Award Scheme, and no further awards shall be granted thereunder.

### 2025 Share Award Scheme

The 2025 Share Award Scheme shall remain valid and effective for a period of 10 years from the Effective Date, subject to early termination by the Board, provided that such termination shall not prejudice any subsisting rights of any Selected Participant.

The purposes of the 2025 Share Award Scheme are to (i) encourage or facilitate the holding of Shares by the selected participants; (ii) encourage and retain such individual to work with the Group; and (iii) provide additional incentive for them to achieve performance goals.

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

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

As at 1 January 2026 and 30 June 2026, 405,929,167 Shares were available for grant in aggregate under the Scheme Mandate Limit applicable to the Company's share schemes (including the Amended Share Option Scheme and the 2025 Share Award Scheme), of which 81,185,833 Shares were available under the Service Provider Sublimit.

Since the date of adoption of the 2025 Share Award Scheme and up to the date of this announcement, no share awards have been granted by the Company under the 2025 Share Award Scheme.

## Long-term incentive schemes (continued)

### Share Award Scheme (continued)

### 2025 Share Award Scheme (continued)

During the Period, no share award was granted, vested, cancelled or lapsed under the 2025 Share Award Scheme. There were no unvested share awards as at 1 January 2026 and 30 June 2026. The number of Shares that may be issued in respect of awards granted under all share schemes of the Company during the six months ended 30 June 2026 divided by the weighted average number of Shares in issue for the six months ended 30 June 2026 (excluding treasury shares) was nil.

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

## Directors' rights to acquire shares

Save as disclosed in this announcement, at no time during the six months ended 30 June 2026 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the shares or debentures of, the Company or any other body corporate.

## Substantial shareholders' and other persons' interests in shares

As at 30 June 2026, the Company had been notified of the following substantial shareholders' and other persons' interests, being 5% or more of the Company's issued shares that are recorded in the register under Section 336 of the SFO.

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

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

Save as disclosed above, as at 30 June 2026, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

## Purchase, sale or redemption of the listed securities of the company

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares, if any).

## Treasury Shares

The Company is a company incorporated in Hong Kong with limited liability and is subject to Companies Ordinance (Chapter 622 of the laws of Hong Kong) and relevant laws and regulations in Hong Kong. The Articles of Association of the Company contain provisions relating to treasury shares and provide that the rights of holders of treasury shares are subject to the applicable laws and the Listing Rules.

As at the end of 30 June 2026, the Company did not hold (or hold through CCASS or deposit in CCASS) any treasury share.

## Corporate governance

During the six months ended 30 June 2026, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code"), as set out in Appendix C1 to the Listing Rules, save and except for the deviation of CG Code Provision C.1.5.

Code Provision C.1.5 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, to gain and develop a balanced understanding of the views of shareholders. One non-executive Director and one independence non-executive director were unable to attend the annual general meeting of the Company held on 26 June 2026 due to their other business engagements. However, there were sufficient Directors, including executive Director, independent non-executive Directors and non-executive Directors, present to enable the Board to develop a balanced understanding of the views of the Company's Shareholders.

## Code of conduct for securities transactions

The Company has adopted the code of conduct regarding director's securities transactions with terms no less exacting than the required standard set out in the Model Code. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards as stated in the Model Code throughout the six months ended 30 June 2026.

## Audit committee

The audit committee of the Company is chaired by Mr. Chu Chung Yue, Howard, with members of Mr. Qi Daqing and Mr. Xiao Feng. The audit committee of the Company has adopted the terms of reference which are in line with the CG Code.

This unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2026 have been reviewed by the audit committee of the Company.

## Changes of directors' information

The change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2025 annual report and up to the date of this announcement:

Mr. Qi Daqing ceased to be an independent non-executive director of BlockFin Holdings Limited (stock code: 00888) on 17 June 2026.

Save as disclosed above, the Company is not aware of other changes in the directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Condensed consolidated income statement for the six months ended 30 June 2026 (unaudited)

*(Expressed in Hong Kong dollars)*

| | Note | Six months ended 30 June 2026 HK$'000 | 2025 HK$'000 |
|---|---|---|---|
| Insurance revenue | 5 | 1,657,962 | 1,531,989 |
| Insurance service expenses | 9 | (1,202,398) | (1,093,286) |
| Net expenses from reinsurance contracts | | (2,707) | (29,648) |
| Insurance service result | | 452,857 | 409,055 |
| Interest revenue calculated using the effective interest method | 6 | 1,680,091 | 1,559,492 |
| Other investment revenue | 6 | 1,117,073 | 1,330,366 |
| Net impairment loss on financial assets | 6 | 93,648 | (70,211) |
| Investment return | | 2,890,812 | 2,819,647 |
| Net finance expenses from insurance contracts | 6 | (1,967,701) | (2,113,319) |
| Net finance income from reinsurance contracts | 6 | 145,073 | 93,246 |
| Movement in investment contract liabilities | | (115,997) | (109,842) |
| Movement in in financial liabilities related to third party interests in consolidated funds | | 634 | 1,770 |
| Net financial result | | 952,821 | 691,502 |
| Revenue from investment management and other financial services | 7 | 24,899 | 21,056 |
| Other income | 8 | 13,854 | 24,656 |
| Other operating expenses | 9 | (265,416) | (126,195) |
| Other finance costs | 10 | (64,584) | (91,615) |
| Share of loss of equity-accounted investee, net of tax | | (1,804) | (483) |
| Impairment loss on equity-accounted investee | | - | (98,909) |
| Profit before tax | | 1,112,627 | 829,067 |
| Income tax expense | 11 | (163,985) | (63,885) |
| Profit for the period | | 948,642 | 765,182 |

# Condensed consolidated income statement for the six months ended 30 June 2026 (unaudited) (continued)

*(Expressed in Hong Kong dollars)*

| | Note | Six months ended 30 June 2026 HK$'000 | 2025 HK$'000 |
|---|---|---|---|
| Profit for the period attributable to: | | | |
| Equity shareholders of the Company | | 632,197 | 486,488 |
| Non-controlling interests | | 316,445 | 278,694 |
| | | 948,642 | 765,182 |
| **Earnings per share attributable to equity shareholders of the Company** | | | |
| Basic (HK$) | 12 | 0.16 | 0.13 |
| Diluted (HK$) | 12 | 0.16 | 0.13 |

The accompanying notes form an integral part of this condensed consolidated interim financial statements.

# Condensed consolidated statement of comprehensive income for the six months ended 30 June 2026 (unaudited)

*(Expressed in Hong Kong dollars)*

| | Note | *Six months ended 30 June* *2026* HK$'000 | *2025* HK$'000 |
|---|---|---|---|
| **Profit for the period after taxation** | | 948,642 | 765,182 |
| **Other comprehensive income for the period** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net movement in the fair value reserve during the period recognised in other comprehensive income | | (331,611) | 250,483 |
| Net movement in hedging reserve during the period recognised in other comprehensive income | | 22,780 | (124,272) |
| Exchange differences arising on translation of results of foreign operations | | 76,689 | 92,606 |
| Net finance expenses from insurance contracts | 6 | (32,210) | (647,872) |
| Net finance (expenses)/income from reinsurance contracts | 6 | (58,467) | 153,711 |
| Net deferred tax impact recognised in other comprehensive income | | 48,028 | 76,090 |
| **Total comprehensive income for the period** | | 673,851 | 565,928 |

# Condensed consolidated statement of comprehensive income for the six months ended 30 June 2026 (unaudited) (continued)

*(Expressed in Hong Kong dollars)*

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| **Total comprehensive income for the period attributable to:** | | |
| Equity shareholders of the Company | 444,619 | 352,874 |
| Non-controlling interests | 229,232 | 213,054 |
| | 673,851 | 565,928 |

The accompanying notes form an integral part of this condensed consolidated interim financial statements.

# Condensed consolidated statement of financial position at 30 June 2026 (unaudited)

*(Expressed in Hong Kong dollars)*

| | Note | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|---|
| **Assets** | | | |
| Property and equipment | 15 | 589,232 | 586,878 |
| Statutory deposits | | 6,538 | 6,592 |
| Deferred tax asset | | 123,575 | 122,855 |
| Tax recoverable | | - | 25 |
| Investments in associates | | 173,639 | 153,968 |
| Goodwill and intangible assets | | 2,081,794 | 2,207,529 |
| Other contract asset | | 154,587 | 147,492 |
| Investments | 16 | 98,271,456 | 91,381,188 |
| Reinsurance contract assets | 20 | 8,383,059 | 7,482,492 |
| Other accounts receivable and accrued income | 17 | 233,649 | 262,185 |
| Other receivables, deposits and prepayments | 18 | 1,607,925 | 1,587,219 |
| Bank balance - trust and segregated accounts | 19 | 426,808 | 264,243 |
| Fixed bank deposits with original maturity over 3 months | 19 | 1,638,333 | 1,593,902 |
| Cash and cash equivalents | 19 | 5,354,830 | 5,302,461 |
| | | 119,045,425 | 111,099,029 |

# Condensed consolidated statement of financial position at 30 June 2026 (unaudited) (continued)

*(Expressed in Hong Kong dollars)*

| | *Note* | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|---|
| **Liabilities** | | | |
| Other accounts payable | 22 | 630,007 | 499,426 |
| Other payables and accrued expenses | 23 | 1,674,718 | 1,436,910 |
| Financial liabilities at fair value through profit or loss | 24 | 480,671 | 475,509 |
| Tax payable | | 266,862 | 128,539 |
| Insurance contract liabilities | 20 | 89,448,613 | 82,629,054 |
| Investment contract liabilities | 21 | 4,884,276 | 4,826,840 |
| Lease liabilities | | 178,953 | 162,661 |
| Deferred tax liabilities | | 257,017 | 293,684 |
| Bank borrowings | 25 | 787,966 | 784,255 |
| Shareholder's loan | 26 | 1,641,077 | 1,641,077 |
| | | 100,250,160 | 92,877,955 |
| **NET ASSETS** | | 18,795,265 | 18,221,074 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 27 | 13,039,613 | 13,039,613 |
| Reserves | | (79,663) | (524,282) |
| | | 12,959,950 | 12,515,331 |
| Non-controlling interests | | 5,835,315 | 5,705,743 |
| **TOTAL EQUITY** | | 18,795,265 | 18,221,074 |

The accompanying notes form an integral part of this condensed consolidated interim financial statements.

# Condensed consolidated statement of changes in equity for the six months ended 30 June 2026 (unaudited)

*(Expressed in Hong Kong dollars)*

| | *Attributable to equity shareholders of the Company* | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Share capital* HK\$'000 | *Shares held by share award scheme* HK\$'000 | *Asset revaluation reserve* HK\$'000 | *Fair value reserve (recycling)* HK\$'000 | *Hedging reserve* HK\$'000 | *Exchange reserve* HK\$'000 | *Statutory and capital reserve* HK\$'000 | *Insurance finance reserve* HK\$'000 | *Reinsurance finance reserve* HK\$'000 | *Retained earnings/ (Accumulated loss)* HK\$'000 | *Sub-total* HK\$'000 | *Non-controlling interests* HK\$'000 | *Total* HK\$'000 |
| **Balance at 1 January 2025** | 11,872,683 | (83,203) | 1,538 | (2,868,602) | (224,963) | (74,100) | 67,661 | 2,654,666 | 249,881 | (1,164,902) | 10,430,659 | 5,263,424 | 15,694,083 |
| **Changes in equity for the six months ended 30 June 2025:** | | | | | | | | | | | | | |
| Dividend paid to non-controlling interest of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | (90,600) | (90,600) |
| Profit for the period | - | - | - | - | - | - | - | - | - | 486,488 | 486,488 | 278,694 | 765,182 |
| Other comprehensive income for the period | - | - | - | 214,383 | (86,742) | 84,152 | - | (442,315) | 96,908 | - | (133,614) | (65,640) | (199,254) |
| **Balance at 30 June 2025 and 1 July 2025** | 11,872,683 | (83,203) | 1,538 | (2,654,219) | (311,705) | 10,052 | 67,661 | 2,212,351 | 346,789 | (678,414) | 10,783,533 | 5,385,878 | 16,169,411 |
| **Changes in equity for the six months ended 31 December 2025:** | | | | | | | | | | | | | |
| Issue of subscription shares | 1,166,930 | - | - | - | - | - | - | - | - | - | 1,166,930 | - | 1,166,930 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 166,062 | 166,062 | 147,365 | 313,427 |
| Other comprehensive income for the period | - | - | - | 344,317 | 23,988 | (65,157) | - | 90,091 | 5,567 | - | 398,806 | 172,500 | 571,306 |
| **Balance at 31 December 2025 and 1 January 2026** | 13,039,613 | (83,203) | 1,538 | (2,309,902) | (287,717) | (55,105) | 67,661 | 2,302,442 | 352,356 | (512,352) | 12,515,331 | 5,705,743 | 18,221,074 |
| **Changes in equity for the six months ended 30 June 2026:** | | | | | | | | | | | | | |
| Dividend paid to non-controlling interest of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | (99,660) | (99,660) |
| Profit for the period | - | - | - | - | - | - | - | - | - | 632,197 | 632,197 | 316,445 | 948,642 |
| Other comprehensive income for the period | - | - | - | (212,624) | 15,901 | 69,661 | - | (21,739) | (38,777) | - | (187,578) | (87,213) | (274,791) |
| Appropriation to statutory and capital reserve | - | - | - | - | - | - | 142 | - | - | (142) | - | - | - |
| **Balance at 30 June 2026** | 13,039,613 | (83,203) | 1,538 | (2,522,526) | (271,816) | 14,556 | 67,803 | 2,280,703 | 313,579 | 119,703 | 12,959,950 | 5,835,315 | 18,795,265 |

The accompanying notes form an integral part of this condensed consolidated interim financial statements.

# Condensed consolidated statement of cash flows for the six months ended 30 June 2026 (unaudited)

*(Expressed in Hong Kong dollars)*

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| **Net cash generated from operating activities** | 318,619 | 1,984,945 |
| Payment for purchase of property and equipment | (21,473) | (22,809) |
| Fixed bank deposits with original maturity over 3 months | (43,163) | (126,933) |
| Payment for acquisition of interest in an associate | (62,717) | - |
| Proceeds from disposal of interest in an associate | 34,583 | - |
| Other investing activities | (1,282) | 14 |
| **Net cash used in investing activities** | (94,052) | (149,728) |
| Payment made for redemption of preference shares by a subsidiary | - | (10,429) |
| Policyholders' account deposits related to investment contracts | 126,692 | 115,542 |
| Policyholders' account withdrawals related to investment contracts | (156,095) | (178,639) |
| Dividends paid to non-controlling interest of a subsidiary | (99,660) | (90,600) |
| Other financing activities | (73,402) | (95,491) |
| **Net cash used in financing activities** | (202,465) | (259,617) |
| **Net increase in cash and cash equivalents** | 22,102 | 1,575,600 |
| Cash and cash equivalents at 1 January | 5,302,461 | 4,373,329 |
| Effect of foreign exchange rate changes | 30,267 | 41,830 |
| **Cash and cash equivalents at 30 June** | 5,354,830 | 5,990,759 |

The accompanying notes form an integral part of this condensed consolidated interim financial statements.

# Notes to the condensed consolidated interim financial statements

*(Expressed in Hong Kong dollars unless otherwise indicated)*

## 1 General information

Yunfeng Financial Group Limited (the "Company") is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is Rooms 1803-1806, 18th Floor, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong. The condensed consolidated interim financial statements for the period ended 30 June 2026 comprises the Company and its subsidiaries (collectively the "Group") and the Group's interest in associates and a joint venture.

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's audit committee and the Company's independent auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These condensed consolidated interim financial statements have been approved for issuance by the Board on 28 August 2026.

The financial information relating to the financial year ended 31 December 2025 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## 2 Basis of preparation

### *(a) Statement of compliance*

The condensed consolidated interim financial statements for the six months ended 30 June 2026 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA. The condensed consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards.

### *(b) Basis of measurement*

The measurement basis used in the preparation of the condensed consolidated interim financial statements is the historical cost basis except that 1) investments in certain debt and equity securities and derivative financial instruments are stated at their fair values, and 2) insurance and reinsurance contracts are based on fulfilment cash flows and, if any, the contractual services margin ("CSM").

The condensed consolidated interim financial statements is presented in Hong Kong dollars ("HKD"), and all values are stated to the nearest thousand (HK$'000s), unless otherwise stated.

### *(c) Use of estimates and judgements*

The preparation of condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2 Basis of preparation (continued)

### *(d) Determination of consolidation scope*

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

At the end of each reporting period, the Group assesses the variable returns arising from other equities and uses plenty of judgements, in combination with historical exposure to variable returns, to determine the consolidation scope.

## 3 Material accounting policies

The accounting policies applied in preparing the condensed consolidated interim financial statements are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2025, as disclosed in the annual report and financial statements for the year ended 31 December 2025.

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA to this condensed consolidated interim financial statements for the current accounting period:

- Amendments to HKFRS 9 and HKFRS 7, *Amendments to the classification and measurement of financial instruments*

- Annual Improvements to HKFRS Accounting Standards – Volume 11

The adoption of the amended HKFRS Accounting Standards for the current accounting period has no material impacts on the condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4 Insurance and financial risk management

### *(a) Risk management objectives and policies for mitigating insurance and financial risk*

The Group operates in a business environment which is subject to various risks and uncertainties. Such risks and uncertainties can be classified into two categories, insurance risks and financial risks.

(i) Insurance risks

The Group manages insurance risks through prudent pricing guidelines, reinsurance and underwriting management and monitoring internal and external emerging trends and issues.

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write in order to ensure appropriate risk selection within the portfolio. Adherence to the underwriting authorities is monitored through a scheduled underwriting audit. In addition, the Group has an Underwriting Committee to establish policies and procedures to supervise and assess the insurance risks and to periodically review and monitor the overall underwriting management process. The Group also has a Claims Settlement Committee to establish policies and procedures to supervise the claims settlement policy. The committee monitors the adequacy of the Group's reserves for the settlement of claims, reviews significant claims or major events, and investigates any fraudulent claims.

The Group reinsures a portion of the risks it underwrites in order to control its exposure to losses to avoid the risk of concentration and to protect capital resources. Such transfers of risks do not relieve the Group of its primary liability and, as such, failure of reinsurers to honour their obligations could result in losses. The Group reduces this risk by evaluating the financial condition of reinsurers and monitoring for possible concentrations of credit risk. The Group has a Reinsurance Committee to establish policies and procedures to properly and regularly supervise and review proposed and existing reinsurance activities covering ceded risks to reinsurers. The committee also periodically reviews and monitors the financial stability of reinsurers.

(ii) Financial risks

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. These risks are limited by the Group's financial management policies and practices described below.

## 4 Insurance and financial risk management (continued)

(1) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- amounts due from issuers of debt securities;
- bank balances;
- reinsurance contract assets;
- commercial and residential mortgage loans;
- other unsecured receivables; and
- derivative financial instruments.

The Group manages its financial assets to limit credit risk by diversifying its portfolio among various security types and industry sectors. The Group has an Investment Committee to supervise and control investments and related financial matters. Investment policies and guidelines have to be approved by the committee. In addition, the committee periodically reviews investment strategies and investment performance.

At 30 June 2026, 0.001% (31 December 2025: 0.001%) of the Group's debt securities represented investments in asset-backed and mortgage-backed securities in the United States of America which are exposed to sub-prime credit risks. The Group does not originate any residential mortgages but invests in residential mortgage loan pools which may contain mortgages of subprime credit quality. Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration and Veterans Administration guarantees.

In respect of bank balances, all of them are due from authorised institutions in Hong Kong, Macao, the People's Republic of China ("PRC"), the United Kingdom and the United States of America. Management periodically reviews the credit ratings of these authorised institutions.

With respect to the insurance and reinsurance contract assets, the Group is exposed to the credit risk that the amounts due under insurance and reinsurance contracts may not be paid. In respect of loans to policyholders and other loans to agents and staff, management monitors the repayment status on an ongoing basis. Other unsecured receivables mainly comprise accrued interest income on debt securities, where the credit risks are limited by the diversification of its investment portfolio as mentioned above.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the condensed consolidated statement of financial position after deducting any impairment allowance.

## 4 Insurance and financial risk management (continued)

(2) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its life insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due. The Group manages this risk by setting a minimum level of liquidity cash that will be available to cover claims maturities and surrenders.

(3) Interest rate risk

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

(4) Currency risk

The Group's currency exchange risk is mainly related to certain policies that are not written in the United States dollars. However, most of the policies are denominated in the United States dollars and Hong Kong dollars. As the Group's investments are primarily made in the United States dollars, coupled with the fact that the Hong Kong dollars are pegged to the United States dollars, management does not believe that the currency risk is material. For investments made in non-United States dollars, the Group mitigates currency risk through the use of cross-currency swaps and forward contracts. Cross-currency swaps are used to minimise currency risk for certain non-United States dollar assets and liabilities through a prespecified exchange of interest and principal. Forward contracts are used to hedge movements in exchange rates.

(5) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss held by the Group. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are recognised in the condensed consolidated income statement.

The portfolio of unit trusts backing linked insurance contracts, which the Group carries on its condensed consolidated statement of financial position at fair value, has exposure to price risk. However, such price risk is fully borne by the policyholders as the benefits payable are linked to the price of the securities.

The portfolio of unit trusts backing non-linked insurance contracts, which the Group carries on its condensed consolidated statement of financial position at fair value, also has exposure to price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

For the other investment under fair value hierarchy level 2 and 3 that is either backing linked insurance contract or those that are not related to insurance contracts, their price risk impact on the Group's profit or total equity is further analysed under Fair value measurement.

## 4 Insurance and financial risk management (continued)

### *(b) Fair value measurement*

(1) Financial assets and liabilities measured at fair value

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

| | |
|---|---|
| Level 1 valuations: | Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date |
| Level 2 valuations: | Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available |
| Level 3 valuations: | Fair value measured using significant unobservable inputs |

The Group has established and maintained policies and guidelines that govern its valuation methodologies and their consistent application. These policies and guidelines address the use of inputs, price source hierarchies and provide controls around the valuation processes.

These controls include appropriate review and analysis of prices against market activity or indicators for reasonableness, approval of price source changes, price overrides, methodology changes and classification of fair value hierarchy levels. The valuation policies and guidelines are reviewed and updated as appropriate.

Annually, the Group conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While the Group was not provided access to proprietary models of the vendors, the reviews have included on-site walkthroughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also included an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process the Group continues to perform for each reporting period.

In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. The Group believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

## 4 Insurance and financial risk management (continued)

The Group reviews the fair value hierarchy classification at each reporting period. Overall, reclassifications between levels occur when there are changes in the observability of inputs and market activity used in the valuation of a financial asset or liability. Given the types of assets classified as Level 1 (primarily debt securities and unit trust), transfers between Level 1 and Level 2 measurement categories are expected to be infrequent. Any transfers into and out of Level 3 are summarised in the schedule of changes in Level 3 assets and liabilities.

The fair value of short-term debt instruments, maturity less than 30 days, is assumed to be equal to the book value. The Group generally uses unadjusted quotable market prices from independent brokers, when available, to determine the fair value of debt instruments with a maturity greater than 30 days.

| | *Fair value measurements as at 30 June 2026 categorised into* | | | *Fair value measurements as at 31 December 2025 categorised into* | | |
|---|---|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Level 1* | *Level 2* | *Level 3* |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Recurring fair value measurement | | | | | | |
| Assets | | | | | | |
| Financial assets at fair value through profit or loss: | | | | | | |
| - Private credit funds | - | - | 123,343 | - | - | 126,271 |
| - Listed equity | 84 | - | - | 40 | - | - |
| - Unlisted equity and other securities | - | - | 5,158,475 | - | - | 4,766,412 |
| - Leveraged and structured note investment | 37,415 | 9,193,225 | 82,977 | 37,323 | 8,830,295 | 136,350 |
| - Unit trust | 7,233,447 | 6,494,372 | 888,578 | 5,276,647 | 6,361,766 | 966,304 |
| - Interest in a joint venture | - | - | 88,178 | - | - | 101,695 |
| - Mutual fund | - | 330 | - | - | 318 | - |
| - Loans and receivables | - | - | 2,898,250 | - | - | 953,942 |
| Financial asset at fair value through other comprehensive income | | | | | | |
| - Debt securities | 2,292,755 | 22,402,025 | 2,737,154 | 2,345,799 | 20,908,460 | 3,105,867 |
| Derivative financial instruments | | | | | | |
| - Currency swaps | - | - | - | - | 127,710 | - |
| - Forward contracts | - | 90,834 | - | - | 8,458 | - |
| - Bond forward | - | 13,689 | - | - | - | - |
| - Gold contract for difference | - | 82 | - | - | - | - |
| Liabilities | | | | | | |
| Derivative financial instruments | | | | | | |
| - Currency swaps | - | (41,713) | - | - | (17,883) | - |
| - Forward contracts | - | (2,304) | - | - | (629) | - |
| - Bond forward | - | (391,518) | - | - | (411,229) | - |
| Non-derivative financial instrument | | | | | | |
| - Third-party interests in consolidated funds | - | - | (45,136) | - | - | (45,768) |
| Investment contract liabilities | - | (4,661,209) | - | - | (4,611,633) | - |

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 during the period (For the six months ended 30 June 2025: there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 during the period).

## 4 Insurance and financial risk management (continued)

*Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those insurance contract related assets and liabilities*

The Group determines the estimated fair value of its investments using primarily the market approach or the income approach. The use of quoted prices for identical assets and matrix pricing or other similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach. The Group attempts to maximise the use of observable inputs and minimise the use of unobservable inputs in selecting whether the market or the income approach is used.

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts. For the periods presented, there were no significant changes to the Group's valuation techniques.

For level 2 debt securities, valuations are based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques using standard market observable inputs such as the benchmark U.S. Treasury yield curve, the spreads versus the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

For level 2 corporate securities, valuations are based primarily on quoted prices in markets that are not active, broker quotes or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads versus benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities.

For level 2 unit trusts and equity securities, valuations are based on quoted market prices adjusted for certain factors, such as foreign market differential.

For level 2 derivative financial instrument, observable significant inputs to the valuation of derivative financial instruments include Overnight Indexed Swap basis curves, interest rate volatility, swap yield curve, currency spot rates, cross currency basis curves and dividend yield curves.

## 4 Insurance and financial risk management (continued)

*Information about Level 3 fair value measurements*

| | *Valuation techniques* HK$'000 | *Significant unobservable inputs* HK$'000 | *Range* *Min* HK$'000 | *Max* HK$'000 | *Weighted average* HK$'000 |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Financial asset at fair value through profit or loss | | | | | |
| - Partnership investment | Net asset value | Net asset value | NA | NA | NA |
| - Unit trusts | Net asset value | Net asset value | NA | NA | NA |
| - Loans and receivables | Discounted cashflow ("DCF") | Discount rate | 451BPS | 451BPS | 451BPS |
| Financial asset at fair value through other comprehensive income: | | | | | |
| - Corporate securities | Matrix pricing and DCF | Credit spread | 60BPS (31 December 2025: 80BPS) | 230BPS (31 December 2025: 287BPS) | 123BPS (31 December 2025: 126BPS) |

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for the more significant Level 3 insurance contract related asset and liability classes is as follows:

*Partnership interest* - The fair value estimation is based on the net asset value attributable to the Group determined by the respective fund managers. If such net asset value attributable to the Group is not yet readily available, adjustments to the fair value of the funds are made based on the latest net asset value with adjustments based on subsequent contribution made and distribution received by the Group. As at 30 June 2026, it is estimated that with all other variables held constant, an increase/decrease in net asset value by 10% would have increased/decreased the Group's profit or loss by HK$503,449,000 (31 December 2025: HK$463,120,000).

*Unit trusts* - The fair value estimation is based on the net asset value attributable to the Group determined by the respective fund managers. At 30 June 2026, for the fair value sensitivity analysis of unit trusts classified as Level 3, it is estimated that with all other variables held constant, a decrease/increase in net asset value by 10% would have decreased/increased the Group's profit or loss by HK$88,858,000 (31 December 2025: HK$96,630,000).

## 4 Insurance and financial risk management (continued)

*Corporate securities* - Internally-priced corporate securities classified in Level 3 include certain below investment grade watch list and distressed fixed maturity securities. For securities where discounted cash flows are used, the primary unobservable input is the internally-developed discount rate. Significant increases in the discount rate would result in a significantly lower fair value, with the opposite being true for decreases in the discount rate. In certain cases, the Group uses an estimated liquidation value of the borrower or underlying assets. The Group also applies market comparables, such as earnings before interest, taxes, depreciation and amortisation (EBITDA) multiples for certain securities. In isolation, an increase in the value of these inputs would result in an increase in fair value, with the opposite being true for decreases in the value of these inputs. As at 30 June 2026, it is estimated that with all other variables held constant, a decrease/increase in credit spread by 100 BPS would have increased/decreased the Group's profit or loss and other comprehensive income by HK$3,373,000 and HK$200,338,000 respectively (31 December 2025: HK$4,174,000 and HK$212,116,000 respectively).

Loans and receivables - The fair value estimation of loans and receivables measured at FVTPL at 30 June 2026 was determined using a discounted cash flow approach (31 December 2025: the fair value estimation was determined by reference to the most recent transaction price to the net asset value of the underlying investments). Under this valuation technique, the expected future cash flows of the underlying investments are discounted using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the loans and receivables. At 30 June 2026, for the fair value sensitivity analysis of loans and receivables classified as Level 3, it is estimated that with all other variables held constant, a decrease in discount rate by 100 BPS, would have increased the Group's profit or loss by HK$318,971,000 (31 December 2025: HK$86,986,000).

*Valuation techniques and inputs used in Level 3 fair value measurements for those non-insurance contract related assets and liabilities*

Information about Level 3 investment

| **Unlisted investment measured at fair value through profit or loss** | **Valuation technique** | **Significant unobservable inputs** |
|---|---|---|
| Private credit funds and interest in a joint venture | Net asset value | Net asset value |
| Unlisted equity | Market approach | Applied multiples, marketability discount |
| Third-party interests in consolidated funds | Net asset value | Net asset value |

## 4 Insurance and financial risk management (continued)

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for those non-insurance contract related level 3 asset and liability classes is as follows:

Fund investments - the fair value of private debt securities investment fund and interest in a joint venture holding is based on the net asset value attributable to the Group determined by the respective fund managers. If such net asset value attributable to the Group is not yet readily available, adjustments to the fair value of the funds are made based on the latest net asset value with adjustments based on subsequent contribution made and distribution received by the Group.

Credit linked obligation note investment - the fair value based on valuation model and price quote provided by the arranger of the note with ongoing monitoring of our investment committee and risk management team in conjunction with additional information compiled by portfolio manager including performance and covenant compliance information as provided by the independent trustee.

Unlisted equity - the fair value based on market approach valuation model based on the applied EBITDA multiples of comparable public companies and marketability discount to estimate the fair value of the unlisted equity.

| | *30 June 2026* | | *31 December 2025* | |
|---|---|---|---|---|
| Change in the relevant equity price risk variable: | % | *Effect on profit after tax and retained earnings* HK$'000 | % | *Effect on profit after tax and retained earnings* HK$'000 |
| Unlisted equity | | | | |
| Increase | 3 | 466 | 3 | 450 |
| Decrease | (3) | (358) | (3) | (346) |
| Joint controlled entity | | | | |
| Increase | 10 | 8,818 | 10 | 10,170 |
| Decrease | (10) | (8,818) | (10) | (10,170) |
| Private credit funds | | | | |
| Increase | 10 | 12,334 | 10 | 12,627 |
| Decrease | (10) | (12,334) | (10) | (12,627) |
| Third party interest in consolidated fund | | | | |
| Increase | 10 | (4,232) | 10 | (4,332) |
| Decrease | (10) | 4,232 | (10) | 4,332 |

## 4 Insurance and financial risk management (continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

***Financial assets at fair value through profit or loss***

| | *2026* HK$'000 | *2025* HK$'000 |
|---|---|---|
| At 1 January | 7,050,974 | 4,113,315 |
| Purchase/capital injection | 2,235,789 | 563,244 |
| Settlement on disposal and redemption of products | (352,683) | (110,437) |
| Net realised gain to profit or loss | 129,746 | 60,846 |
| Net unrealised gain to profit or loss | 132,035 | 185,641 |
| Exchange alignment | 43,939 | 43,771 |
| At 30 June | 9,239,800 | 4,856,380 |

***Financial assets at fair value through other comprehensive income (debt and equity securities)***

| | *2026* HK$'000 | *2025* HK$'000 |
|---|---|---|
| At 1 January | 3,105,867 | 3,367,315 |
| Purchase | 43,046 | 81,837 |
| Settlements | (499,229) | (176,846) |
| Net realised gain/(loss) to profit or loss | 95,348 | (18,756) |
| Net unrealised (loss)/gain to other comprehensive income | (29,882) | 87,451 |
| Exchange alignment | 22,004 | 37,319 |
| At 30 June | 2,737,154 | 3,378,320 |

***Financial liabilities at fair value through profit or loss***

| | *2026* HK$'000 | *2025* HK$'000 |
|---|---|---|
| At 1 January | 45,768 | 71,519 |
| Shares redeemed | - | (10,428) |
| Distribution to third party investor | (632) | (10,529) |
| Fair value change | - | 32 |
| At 30 June | 45,136 | 50,594 |

## 4 Insurance and financial risk management (continued)

(2) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 30 June 2026 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

| | *2026* | | *Fair value measurements as at 30 June 2026 categorised into* | | |
|---|---|---|---|---|---|
| | *Carrying amount* HK$'000 | *Fair value* HK$'000 | *Level 1* HK$'000 | *Level 2* HK$'000 | *Level 3* HK$'000 |
| Debt securities | 35,571,895 | 32,912,261 | 2,421,335 | 29,466,578 | 1,024,348 |
| Loans and receivables | 2,964,348 | 2,795,240 | - | - | 2,795,240 |

| | *2025* | | *Fair value measurements as at 31 December 2025 categorised into* | | |
|---|---|---|---|---|---|
| | *Carrying amount* HK$'000 | *Fair value* HK$'000 | *Level 1* HK$'000 | *Level 2* HK$'000 | *Level 3* HK$'000 |
| Debt securities | 34,016,705 | 31,700,953 | 2,417,363 | 28,205,949 | 1,077,641 |
| Loans and receivables | 3,311,366 | 3,137,587 | - | - | 3,137,587 |

Loans and receivables - The fair value of loans and receivables is established using a discounted cash flow method based on credit rating, maturity and future income. The fair value for impaired loans and receivables is based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. A significant increase/(decrease) in the discount rate would result in a significant decrease/(increase) to the fair value.

## 5 Insurance revenue

| | *Six months ended 30 June 2026* HK$'000 | *Six months ended 30 June 2025* HK$'000 |
|---|---|---|
| **Contract not measured under PAA** | | |
| Amounts relating to changes in liabilities for remaining coverage | | |
| - CSM recognised for services provided | 419,066 | 386,774 |
| - Change in risk adjustment for non-financial risk for risk expired | 7,134 | 1,916 |
| - Expected incurred claims and other insurance service expenses | 596,709 | 532,978 |
| Recovery of insurance acquisition cash flows | 490,040 | 432,275 |
| | 1,512,949 | 1,353,943 |
| **Contract measured under PAA** | 145,013 | 178,046 |
| | 1,657,962 | 1,531,989 |

## 6 Net financial result

The following table analyses the Group's net financial result in profit or loss and other comprehensive income.

| | *Six months ended 30 June 2026* HK$'000 | *Six months ended 30 June 2025* HK$'000 |
|---|---|---|
| **Investment return** | | |
| Interest revenue calculated using the effective interest method | 1,680,091 | 1,559,492 |
| Other investment revenue | 1,117,073 | 1,330,366 |
| Net impairment loss on financial assets | 93,648 | (70,211) |
| Investment-related amounts recognised in other comprehensive income | (308,831) | 126,211 |
| Total investment return | 2,581,981 | 2,945,858 |
| **Net finance expenses from insurance contracts** | | |
| Change in fair value of underlying items | (948,138) | (1,130,590) |
| Interest accreted | (1,042,326) | (1,193,001) |
| Effect of changes in interest rates and other financial assumptions | (335,867) | (1,098,252) |
| Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition | 110,034 | 351,496 |
| Net foreign exchange gain/(loss) | 216,386 | 309,156 |
| Total net finance expenses from insurance contracts | (1,999,911) | (2,761,191) |
| **Net finance income from reinsurance contracts** | | |
| Interest accreted | 176,861 | 184,297 |
| Others | (90,255) | 62,660 |
| Total net finance income from reinsurance contracts | 86,606 | 246,957 |
| Movement in investment contract liabilities | (115,997) | (109,842) |
| Movement in third party interests consolidated funds | 634 | 1,770 |
| **Net financial results** | 553,313 | 323,552 |
| Represented by | | |
| Amounts recognised in profit or loss | 952,821 | 691,502 |
| Amounts recognised in other comprehensive income | (399,508) | (367,950) |
| | 553,313 | 323,552 |
| **Insurance finance income and expenses** | | |
| Net finance expenses from insurance contracts | | |
| Amounts recognised in profit or loss | (1,967,701) | (2,113,319) |
| Amounts recognised in other comprehensive income | (32,210) | (647,872) |
| | (1,999,911) | (2,761,191) |
| **Net finance income from reinsurance contracts** | | |
| Amounts recognised in profit or loss | 145,073 | 93,246 |
| Amounts recognised in other comprehensive income | (58,467) | 153,711 |
| | 86,606 | 246,957 |

## 6 Net financial result (continued)

***Interest revenue calculated using the effective interest method, other investment revenue and net impairment loss on financial assets***

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| Related to insurance business | HK$'000 | HK$'000 |
| Interest income from unlisted debt securities and loans and receivables | 1,866,664 | 1,627,740 |
| Bank and other interest income | 58,213 | 75,935 |
| Net realised gain on disposal of securities measured at fair value through profit or loss | 495,777 | 124,364 |
| Net unrealised gain on financial asset and financial liabilities measured at fair value through profit or loss | 189,943 | 939,951 |
| Net realised loss on fair value through other comprehensive income and amortised cost debt securities | (138,828) | (13,880) |
| Impairment loss of amortised cost debt securities | (496) | (28,153) |
| Reversal of/(increase in) impairment loss of fair value through other comprehensive income debt securities | 94,144 | (42,058) |
| Dividend income | 216,855 | 191,010 |
| Net derivative loss | (35,334) | (159,009) |
| Investment incentive rebate | - | 896 |
| Other income | 1,670 | 6,711 |
| | 2,748,608 | 2,723,507 |

The realised gain on disposal of securities measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost was HK$476,837,000 (30 June 2025: HK$172,295,000) during the period, which are related to insurance contracts with direct participation features (i.e. measured under the variable fee approach).

## 6 Net financial result (continued)

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| Related to other financial services | HK$'000 | HK$'000 |
| Bank and other interest income | 25,211 | 13,303 |
| Interest income from unlisted debt securities and loans and receivables | - | 1,919 |
| Net realised gain on disposal of securities measured at fair value through profit or loss | 129,685 | 72,498 |
| Net unrealised (loss)/gain on financial asset and financial liabilities measured at fair value through profit or loss | (29,538) | 13,818 |
| Dividend income | 16,846 | 15,478 |
| Net derivative loss | - | (20,876) |
| | 142,204 | 96,140 |

## 7 Revenue from investment management and other financial services

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| Brokerage commission, interest and other service income | 12,570 | 8,530 |
| Subscription, management and rebate fee income | 2,574 | 2,238 |
| Management fee for investment contracts | 9,755 | 10,288 |
| | 24,899 | 21,056 |

## 8 Other income

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| Trustee fee income | 4,482 | 2,802 |
| Government subsidies (Note) | 13 | 6,255 |
| Other income | 9,359 | 15,599 |
| | 13,854 | 24,656 |

Note: The balance in 2025 mainly represents the financial incentive offered by the Mandatory Provident Fund Schemes Authority to the first trustee to get onboard the eMPF Platform, an electronic MPF administration and management platform.

## 9 Expenses

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| Claims and benefits | 480,424 | 497,705 |
| Fees and commissions | 1,196,623 | 1,441,854 |
| Reversal of losses and losses on onerous insurance contracts | 9,312 | (17,932) |
| Staff costs | 318,431 | 277,626 |
| Legal and professional costs | 7,156 | 791 |
| Depreciation and amortisation on property and equipment and intangible assets | 88,339 | 96,662 |
| Impairment loss on: | | |
| - Other accounts receivable | 119 | 108 |
| - Intangible assets | 127,747 | - |
| Information, data and communication expenses | 12,373 | 10,402 |
| Net exchange gain | (73,080) | (88,447) |
| Movement in other contract assets | (6,248) | (4,195) |
| Others | 220,419 | 199,083 |
| Amounts attributed to insurance acquisition cash flows incurred during the period | (1,432,324) | (1,655,395) |
| Amortisation of insurance acquisition cash flows | 518,523 | 461,219 |
| | 1,467,814 | 1,219,481 |
| Represented by | | |
| Insurance service expenses | 1,202,398 | 1,093,286 |
| Other operating expenses | 265,416 | 126,195 |
| | 1,467,814 | 1,219,481 |

## 10 Other finance costs

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| Bank loan interest | 21,105 | 36,210 |
| Interest on lease liabilities | 3,639 | 3,587 |
| Interest of preference share liability | - | 77 |
| Other interest expense | - | 4,726 |
| Shareholder's loan interest | 39,840 | 47,015 |
| | 64,584 | 91,615 |

## 11 Income tax in the consolidated income statement

### *(a) Taxation in the consolidated income statement represents:*

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| **Current tax** | | |
| Hong Kong | | |
| Provision for the period – Profits Tax and Global Minimum Tax | 139,233 | 39,551 |
| Macao | | |
| Provision for the period – Complementary Tax and Global Minimum Tax | 15,830 | 22,213 |
| Over-provision in respect of prior years | (1,519) | - |
| Overseas | | |
| Provision for the period | 138 | 6 |
| | 153,682 | 61,770 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | 10,303 | 2,115 |
| | 163,985 | 63,885 |

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2025: 16.5%) to the six months ended 30 June 2026, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2025.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

## 11 Income tax in the consolidated income statement (continued)

### *(b) Pillar Two income tax*

The Group is a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

The Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland and Macao.

The Group has applied the temporary mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes for the top-up tax and accounted for the tax as current tax when incurred.

## 12 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2026 of HK$632,197,000 (the profit attributable to equity shareholders for the six months ended 30 June 2025: HK$486,488,000), and the weighted average number of shares in issue during the period ended 30 June 2026 of 4,043,870,006 (30 June 2025: 3,852,570,006).

There were no potential dilutive ordinary shares for the six months ended 30 June 2026 therefore basic earnings per share equals to diluted earnings per share (six months ended 30 June 2025: basic earnings per share equals to diluted earnings per share).

## 13 Dividend

The Board did not declare the payment of an interim dividend in respect of six months ended 30 June 2026 (2025: Nil).

## 14 Segment reporting

The operating segments have been determined based on the reports reviewed by the executive directors of the Company that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns different from those of other operating segments.

As disclosed in the 2025 annual report, the Group is largely dominated by the insurance business after the completion of the YF Life acquisition. As a result, management decided to streamline and regroup the operating segments. Insurance business is considered as an operating segment and other operating segments that existed prior to the acquisition are consolidated as other financial services and corporate to reflect the long term business development focus.

## 14 Segment reporting (continued)

Consequently, the Group currently has two operating segments:

(i) Insurance business - engage in the writing of long term insurance business

(ii) Other financial services and corporate includes

a) Securities brokerage - engages in securities brokerage and provision of custodian and other services;

b) Wealth and asset management - provision of funds and asset management services as well as financing and investing solution for corporate clients;

c) Principal investment - utilise capital 1) to provide funding on developing financial products and the funds managed by wealth management team; and 2) to improve returns on the Group's capital and cash flow management based on treasury management model that may involve (but shall not be limited to) holding fixed income instruments, high grade equity instruments and other financial investments;

d) Financial technology - provision of technology business solution including system setup, upgrade and enhancement to clients; and

e) Corporate service includes central administrative and financing functions to support other operating segments.

The accounting policies of the reportable segments are the same as those followed by the Group in the last annual financial statements.

Segment revenue represents the revenue generated by each operating segment from external customers. Inter-segment revenue represents inter-segment services which were transacted with reference to the normal commercial price made to third parties at the then prevailing market prices.

Segment results represent specific operating performance of the reported segments by allocating all specific and related operating and finance costs, excluding other corporate, general administrative, and financial expenses, taxation and non-operating costs. This is the measure reported to the chief operating decision maker, at the relevant times, for the purposes of resource allocation and performance assessment.

# 14 Segment reporting (continued)

## *(a) Segment revenue and results*

### For the period ended 30 June 2026

| | *Insurance business* HK$'000 | *Other financial services and corporate* HK$'000 | *Total* HK$'000 |
|---|---|---|---|
| Insurance revenue | 1,657,962 | - | 1,657,962 |
| Insurance service expenses | (1,202,398) | - | (1,202,398) |
| Net expenses from reinsurance contracts | (2,707) | - | (2,707) |
| Insurance service result | 452,857 | - | 452,857 |
| Allocated revenue from investment management and other financial services | 9,755 | 15,144 | 24,899 |
| Revenue from external party | 462,612 | 15,144 | 477,756 |
| Inter-segment income | 1,248 | - | 1,248 |
| Reportable segment revenue | 463,860 | 15,144 | 479,004 |
| Allocated investment return | 2,748,608 | 142,204 | 2,890,812 |
| Net finance expenses from insurance contracts | (1,967,701) | - | (1,967,701) |
| Net finance income from reinsurance contracts | 145,073 | - | 145,073 |
| Movement in investment contract liabilities | (115,997) | - | (115,997) |
| Movement in financial liabilities related to third party interest in consolidated funds | - | 634 | 634 |
| Allocated other income | 22,736 | (8,882) | 13,854 |
| Allocated operating costs | (79,673) | (187,691) | (267,364) |
| Allocated finance costs | (3,561) | (78) | (3,639) |
| Share of loss of equity-accounted investees, net of tax | (1,669) | (135) | (1,804) |
| Reportable segment profit/(loss) | 1,211,676 | (38,804) | 1,172,872 |
| Elimination of inter-segment loss | | | 700 |
| Reportable segment profit derived from Group's external customers | | | 1,173,572 |
| Unallocated finance costs | | | (60,945) |
| Taxation | | | (163,985) |
| Profit for the period | | | 948,642 |
| As at 30 June 2026 | | | |
| Reportable assets | 114,291,567 | 2,874,300 | 117,165,867 |
| Cash and cash equivalents and fixed bank deposits with original maturity over 3 months | 5,431,108 | 1,562,055 | 6,993,163 |
| Reportable liabilities | (96,585,218) | (3,465,376) | (100,050,594) |
| As at 31 December 2025 | | | |
| Reportable assets | 106,597,077 | 2,623,789 | 109,220,866 |
| Cash and cash equivalents and fixed bank deposits with original maturity over 3 months | 5,619,790 | 1,276,573 | 6,896,363 |
| Reportable liabilities | (89,457,342) | (3,359,370) | (92,816,712) |

## 14 Segment reporting (continued)

### For the period ended 30 June 2025

| | *Insurance business* HK$'000 | *Other financial services and corporate* HK$'000 | *Total* HK$'000 |
|---|---|---|---|
| Insurance revenue | 1,531,989 | - | 1,531,989 |
| Insurance service expenses | (1,093,286) | - | (1,093,286) |
| Net expenses from reinsurance contracts | (29,648) | - | (29,648) |
| Insurance service result | 409,055 | - | 409,055 |
| Allocated revenue from investment management and other financial services | 10,288 | 10,768 | 21,056 |
| Revenue from external party | 419,343 | 10,768 | 430,111 |
| Inter-segment income | 809 | - | 809 |
| Reportable segment revenue | 420,152 | 10,768 | 430,920 |
| Allocated investment return | 2,723,507 | 96,140 | 2,819,647 |
| Net finance expenses from insurance contracts | (2,113,319) | - | (2,113,319) |
| Net finance income from reinsurance contracts | 93,246 | - | 93,246 |
| Movement in investment contract liabilities | (109,842) | - | (109,842) |
| Movement in financial liabilities related to third party interest in consolidated funds | - | 1,770 | 1,770 |
| Allocated other income | 24,912 | (256) | 24,656 |
| Allocated operating costs | (48,642) | (78,712) | (127,354) |
| Allocated finance costs | (3,316) | (5,074) | (8,390) |
| Share of loss of equity-accounted investees, net of tax | - | (483) | (483) |
| Impairment loss on equity-accounted investee | - | (98,909) | (98,909) |
| Reportable segment profit/(loss) | 986,698 | (74,756) | 911,942 |
| Elimination of inter-segment loss | | | 350 |
| Reportable segment profit derived from Group's external customers | | | 912,292 |
| Unallocated finance costs | | | (83,225) |
| Taxation | | | (63,885) |
| Profit for the period | | | 765,182 |

## 14 Segment reporting (continued)

### *(b) Geographical segment information*

The Group's customers, operation and administration are mainly located in Hong Kong and Macao. Research and development for financial technologies divisions are located in PRC.

### *(c) Information about major customers*

No customer account for more than 10% of the total revenue of the Group for the period ended 30 June 2026 and 2025.

### *(d) Net operating income*

For management decision making and internal performance management purpose, the Group refers to the adjusted net operating income representing the core business activities of the Group. Accordingly, the adjusted net operating income is derived from profit after tax adjusting for below items:

<u>Insurance business segment</u>

Short-term fluctuations in investment returns - a) difference between expected long-term distribution based on assumption applied in calculation of Embedded Value and actual distribution received and fair value through profit and loss adjustment in relation to equity and fund investment excluding mutual fund for the period/year. b) The realised gain/loss on disposal of investment and expected credit loss recorded being considered short term investment return fluctuation which is not consistent with long term investment allocation strategy.

Short-term fluctuations in discount rate impact applied to the change of fulfilment cashflow of insurance contract liability that is accounted through profit and loss, which is adjusted under net operating income to reflect the economic core business performance.

Short-term fluctuation exchange rate causes the difference between derivative instrument market to market gain/loss and net exchange impact of net asset position denominated in foreign currencies. The related impact to profit or loss is considered not relevant to management operational nor financial decision making progress.

Other items - those are considered either non-recurring in nature and/or considered by management not relevant for evaluation of core business operation result.

## 14 Segment reporting (continued)

Other financial service segment

Investment return related to principal investment activity not related to internal performance management purpose.

Finance costs related to long term borrowings for strategic investment is considered not relevant for evaluation of core business operation result.

Staff share award/option related expenses considered not relevant for evaluation of core business operation result.

Other items - those are considered either non-recurring in nature and/or considered by management not relevant for evaluation of operation result.

| | *For the six months period ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| **Net operating income** | 776,900 | 685,800 |
| Adjust for the following profit or loss and expenses impact: | | |
| Insurance business | | |
| - Short-term fluctuations in investment returns, discount rate and exchange rate including fair value adjustments and the related subsequent change of the adjustments on acquisition of YF Life | 298,000 | 229,100 |
| - Other items | (43,400) | (2,100) |
| Other financial services | | |
| - Investment return related to principal investment activity | (22,600) | (64,100) |
| - Finance costs related to long term borrowings | (60,945) | (83,225) |
| - Other items | 687 | (293) |
| **Profit for the period** | 948,642 | 765,182 |

## 15 Property and equipment

During the six months ended 30 June 2026, the Group acquired approximately HK$21 million of property and equipment. Further, the Group entered into a number of lease agreements for right of use of assets and recognised the additional in ownership interests in leasehold land and building held for own use of HK$69 million.

# 16 Investments

| | | Underlying items | | | Others | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | *Participating* | *Unit-linked* | | | | | | | |
| | | | | | | | | *FV - hedging* | | |
| | | *FVTPL* | *FVTPL* | *Sub-total* | *AC* | *FVOCI* | *FVTPL* | *instrument* | *Sub-total* | *Total* |
| | *Note* | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **At 30 June 2026** | | | | | | | | | | |
| **Financial investments** | | | | | | | | | | |
| Debt securities | (b) | 7,467,272 | - | 7,467,272 | 35,571,895 | 27,431,934 | 1,846,345 | - | 64,850,174 | 72,317,446 |
| Loans and receivables | | 1,618,430 | - | 1,618,430 | 2,964,348 | - | 1,279,820 | - | 4,244,168 | 5,862,598 |
| Unit trusts | (c) | 7,290,673 | 6,494,372 | 13,785,045 | - | - | 831,352 | - | 831,352 | 14,616,397 |
| Listed equity and other securities | | - | - | - | - | - | 84 | - | 84 | 84 |
| Unlisted equity and other securities | (c) | 1,618,245 | - | 1,618,245 | - | - | 3,752,081 | - | 3,752,081 | 5,370,326 |
| | | 17,994,620 | 6,494,372 | 24,488,992 | 38,536,243 | 27,431,934 | 7,709,682 | - | 73,677,859 | 98,166,851 |
| Derivative assets | (a) | 11,679 | - | 11,679 | - | - | 92,926 | - | 92,926 | 104,605 |
| | | 18,006,299 | 6,494,372 | 24,500,671 | 38,536,243 | 27,431,934 | 7,802,608 | - | 73,770,785 | 98,271,456 |
| Derivative liabilities | (a) | 2,117 | - | 2,117 | - | - | 41,899 | 391,519 | 433,418 | 435,535 |

## 16 Investments (continued)

| | | Underlying items | | | Others | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | *Participating* | *Unit-linked* | | | | | | | |
| | *Note* | *FVTPL* HK$'000 | *FVTPL* HK$'000 | *Sub-total* HK$'000 | *AC* HK$'000 | *FVOCI* HK$'000 | *FVTPL* HK$'000 | *FV - hedging instrument* HK$'000 | *Sub-total* HK$'000 | *Total* HK$'000 |
| **At 31 December 2025** | | | | | | | | | | |
| **Financial investments** | | | | | | | | | | |
| Debt securities | (b) | 6,943,565 | - | 6,943,565 | 34,016,705 | 26,360,126 | 2,060,403 | - | 62,437,234 | 69,380,799 |
| Loans and receivables | | 329,726 | - | 329,726 | 3,311,366 | - | 624,216 | - | 3,935,582 | 4,265,308 |
| Unit trusts | (c) | 5,488,512 | 6,361,767 | 11,850,279 | - | - | 754,438 | - | 754,438 | 12,604,717 |
| Listed equity and other securities | | - | - | - | - | - | 40 | - | 40 | 40 |
| Unlisted equity and other securities | (c) | 1,382,151 | - | 1,382,151 | - | - | 3,612,545 | - | 3,612,545 | 4,994,696 |
| | | 14,143,954 | 6,361,767 | 20,505,721 | 37,328,071 | 26,360,126 | 7,051,642 | - | 70,739,839 | 91,245,560 |
| Derivative assets | (a) | 3,860 | - | 3,860 | - | - | 131,768 | - | 131,768 | 135,628 |
| | | 14,147,814 | 6,361,767 | 20,509,581 | 37,328,071 | 26,360,126 | 7,183,410 | - | 70,871,607 | 91,381,188 |
| Derivative liabilities | (a) | 596 | - | 596 | - | - | 17,916 | 411,229 | 429,145 | 429,741 |

## 16 Investments (continued)

Notes:

(a) On 28 February 2018, the Group has entered a strategic fund management agreement with another well-established financial institution. By sharing the operating and financing decision making power through the agreement, the Group is no longer considered to be the principal of Majik Access USD Fund 2 LP. After the deconsolidation, the Group elects to measure its 34.04% investment holding in Majik Access USD Fund 2 LP held through a venture capital organisation, an indirect wholly-owned subsidiary, at fair value through profit or loss as management measures the performance of this jointly controlled entity on a fair value basis and considered to be exempted from applying the equity method. The valuation process and fair value information for the joint venture measured at fair value through profit or loss set out in note 4. As of 30 June 2026, the carrying value of the jointly controlled entity amounted to HK$88 million (31 December 2025: HK$102 million).

(b) Certain fund and other investments of HK$21,892,137,000 (31 December 2025: HK$20,502,341,000) have been pledged in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

(c) Interests in collective investment schemes

(i) Included in financial assets measured at fair value through profit or loss on the condensed consolidated statement of financial position are certain investments in collective investment schemes which have been designed so that voting or similar rights are not the dominant factor in deciding who controls these schemes. These collective investment schemes include investments in unit trusts and limited liability partnerships established by third parties. These schemes provide the Group with a variety of investment opportunities through managed investment strategies.

Owing to the passive nature of these investments, the maximum exposure to loss from these interests is limited to the associated equity price risk (see note 4) and the capital commitments. The maximum exposure to loss, which represents the maximum loss that the Group could be required to report as a result of its involvement with these collective investment schemes regardless of the probability of the loss being incurred, is equivalent to the carrying amount of these investments.

(ii) In addition, the Group's subsidiary, YF Life Trustees Limited is the sponsor of Mass Mandatory Provident Fund scheme ('MPF scheme') as specified in the respective trust deeds. Management fee and trustee fee income that the Group recognised in profit or loss in return for the administration services provided to MPF scheme that the Group sponsored amounted to HK$6,088,000 (for six months ended 30 June 2025: HK$4,796,000).

The policyholders invest directly into such MPF scheme, as such, the Group did not transfer any of its own assets into these schemes during the reporting period. Management actively monitor the compliance with the respective regulation requirements in order to minimise losses arising from reputational risk and regulatory compliance risk.

## 17 Other accounts receivable and accrued income

| | At 30 June 2026 HK$'000 | At 31 December 2025 HK$'000 |
|---|---|---|
| Other accounts receivable arising from securities brokerage: | | |
| - Cash clients | 157,555 | 168,561 |
| - Margin clients | 6,445 | 5,641 |
| - Clearing house, brokers, fund managers and dealers | 69,502 | 84,051 |
| | 233,502 | 258,253 |
| Other service fees receivables | 4,574 | 8,240 |
| | 238,076 | 266,493 |
| Less: allowance for credit losses | (4,427) | (4,308) |
| | 233,649 | 262,185 |

The fair value of other accounts receivable approximates its carrying amount.

### *(a) Ageing analysis of other accounts receivable*

The ageing analysis of other accounts receivable net of credit losses as at the end of the reporting period is as follows:

| | At 30 June 2026 HK$'000 | At 31 December 2025 HK$'000 |
|---|---|---|
| Current | 233,529 | 261,595 |
| Less than 1 month past due | - | - |
| 1 to 3 months past due | 120 | 270 |
| More than 3 months past due | - | 320 |
| Amounts past due | 120 | 590 |
| | 233,649 | 262,185 |

The Group has procedures and policies to assess the client's credit quality and defines credit limits for each client. All client acceptance and credit limit are approved by designated approvers according to the client's credit worthiness. During the period, there were allowance for credit losses of HK$119,000 (for six months ended 30 June 2025: HK$108,000), no allowance for credit losses recovered (for six months ended 30 June 2025: HK$Nil) and no other accounts receivable written off (for six months ended 30 June 2025: HK$Nil).

## 17 Other accounts receivable and accrued income (continued)

### *(b) Balance with related parties*

At 30 June 2026, the balance of other service fee receivables includes fund management fee of approximately HK$Nil (31 December 2025: HK$1,676,000) due from a joint venture of the Group.

## 18 Other receivables, deposits and prepayments

| | *Note* | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|---|
| Utility and rental deposits | (i) | 44,273 | 45,591 |
| Loans to agents and staff | | 68,474 | 64,381 |
| Accrued investment income | | 1,346,976 | 1,276,761 |
| Prepayments, other receivables and other deposits | | 170,789 | 223,073 |
| Other receivable from non-controlling shareholders of a subsidiary | | 6,644 | 6,644 |
| | | 1,637,156 | 1,616,450 |
| Less: allowance for credit losses | (iii) | (29,231) | (29,231) |
| | | 1,607,925 | 1,587,219 |

Notes:

(i) The amount of utility and rental deposits expected to be recovered after more than one year is HK$39,329,000 (31 December 2025: HK$41,192,000).

(ii) Except for those mentioned above in (i), all of the other receivables are expected to be recovered within one year.

(iii) No credit losses were made to allowance for credit losses during the six months ended 30 June 2026 and 30 June 2025.

## 19 Cash and cash equivalents, fixed bank deposits with original maturity over 3 months and bank balance - trust and segregated accounts

| | *Note* | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|---|
| Bank balance - trust and segregated accounts | | | |
| Deposit with bank | (i) | 426,962 | 264,397 |
| Less: impairment allowance | | (154) | (154) |
| | | 426,808 | 264,243 |
| Fixed bank deposits with original maturity over 3 months | | | |
| Deposit with bank | (iii) | 1,638,333 | 1,593,902 |
| Less: impairment allowance | | - | - |
| | | 1,638,333 | 1,593,902 |
| Cash and cash equivalents | | | |
| Deposit with bank | (ii) | 9,475 | 10,251 |
| Fixed bank deposits with original maturity less than 3 months | | 2,163,385 | 1,757,132 |
| Cash at bank and in hand | | 3,182,084 | 3,535,192 |
| Less: impairment allowance | | (114) | (114) |
| Cash and cash equivalents in the condensed consolidated statement of financial position | | 5,354,830 | 5,302,461 |

Notes:

(i) The Group maintains segregated accounts with authorised institutions to hold clients' money arising from its normal course of business of the regulated activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

(ii) The Group has made deposit with a bank as security deposit for bank facilities.

(iii) As at 30 June 2026, the Group has pledged fixed deposits of HK$945,365,000 (31 December 2025: HK$1,019,581,000) to banks in favour of the Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

## 20 Insurance and reinsurance contracts

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| **Insurance contracts** | | |
| Insurance contract liabilities | | |
| - Insurance contract balances | 89,452,411 | 82,632,480 |
| - Assets for insurance acquisition cash flows | (3,798) | (3,426) |
| | 89,448,613 | 82,629,054 |
| **Reinsurance contracts** | | |
| Reinsurance contract assets | (8,383,059) | (7,482,492) |

### *(a) Insurance contracts*

Analysis by remaining coverage and incurred claims of insurance contracts

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| **Insurance contract liabilities** | | |
| Insurance contract balances | | |
| - Liabilities for remaining coverage excluding loss component | 88,024,837 | 81,461,059 |
| - Loss component | 125,731 | 140,483 |
| - Liabilities for incurred claims | 1,301,843 | 1,030,938 |
| | 89,452,411 | 82,632,480 |
| Assets for insurance acquisition cash flows | (3,798) | (3,426) |
| | 89,448,613 | 82,629,054 |

## 20 Insurance and reinsurance contracts (continued)

Analysis by measurement component of insurance contracts - Contracts not measured under PAA

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| **Insurance contract liabilities** | | |
| Insurance contract balances | | |
| - Estimates of present value of future cash flows | 76,521,436 | 70,044,775 |
| - Risk adjustment for non-financial risk | 1,731,573 | 1,725,028 |
| - CSM | 11,115,832 | 10,761,763 |
| | 89,368,841 | 82,531,566 |
| Assets for insurance acquisition cash flows | (3,798) | (3,426) |
| | 89,365,043 | 82,528,140 |

### *(b) Reinsurance contracts*

Analysis by remaining coverage and incurred claims of reinsurance contracts

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| **Reinsurance contract assets** | | |
| Reinsurance contract balances | | |
| - Assets for remaining coverage excluding loss recovery component | 7,193,922 | 6,892,067 |
| - Loss recovery component | 11,935 | 24,817 |
| - Assets for incurred claims | 1,177,202 | 565,608 |
| | 8,383,059 | 7,482,492 |

## 20 Insurance and reinsurance contracts (continued)

Analysis by measurement component of reinsurance contracts - Contracts not measured under PAA

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| **Reinsurance contract assets** | | |
| Reinsurance contract balances | | |
| - Estimates of present value of future cash flows | 7,038,175 | 6,271,753 |
| - Risk adjustment for non-financial risk | 185,941 | 182,132 |
| - CSM | 1,105,645 | 979,566 |
| | 8,329,761 | 7,433,451 |

### *(c) Assets for insurance acquisition cash flows*

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| Presented in insurance contract assets | - | - |
| Presented in insurance contract liabilities | (3,798) | (3,426) |
| | (3,798) | (3,426) |

## 20 Insurance and reinsurance contracts (continued)

### *(d) Significant judgements and estimates*

(i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are insurance contracts with significant financial options and guarantees, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables.

**Estimates of future cash flows**

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

## 20 Insurance and reinsurance contracts (continued)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- costs that the Group will incur in providing investment services; and
- costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in profit or loss as they are incurred.

**Methodology and assumptions**

(i) Mortality

Prudent mortality tables and industry mortality tables with margins are used. They are compared with the Group's internal mortality experience on a regular basis to ensure their appropriateness.

(ii) Morbidity

Morbidity is based on the reinsurer's risk premiums which are relevant to its market experience. It is compared with the Group's internal morbidity experience on a regular basis to ensure its appropriateness.

(iii) Withdrawal

Withdrawal rates are determined with reference to pricing assumptions and actual experience.

(iv) Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts.

## 20 Insurance and reinsurance contracts (continued)

The tables below set out the spot rates used to discount the cash flows of insurance contracts for major currencies.

| *As at 30 June 2026* | *1 year* | *5 years* | *10 years* | *15 years* | *20 years* |
|---|---|---|---|---|---|
| USD | 3.96%-4.69% | 4.18%-4.92% | 4.46%-5.19% | 4.84%-5.58% | 5.08%-5.81% |
| HKD | 3.34%-4.07% | 3.28%-4.01% | 3.40%-4.13% | 3.55%-4.28% | 3.62%-4.35% |

| *As at 31 December 2025* | *1 year* | *5 years* | *10 years* | *15 years* | *20 years* |
|---|---|---|---|---|---|
| USD | 3.45% - 4.17% | 3.70% - 4.42% | 4.20% - 4.92% | 4.67% - 5.39% | 4.97% - 5.69% |
| HKD | 2.63% - 3.35% | 2.72% - 3.44% | 3.10% - 3.82% | 3.33% - 4.05% | 3.45% - 4.17% |

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

**Risk adjustments for non-financial risk**

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk.

The risk adjustments for non-financial risk are determined using a confidence level technique. The Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

(ii) Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

(iii) Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring, i.e. surrender value in general. Investment components are excluded from insurance revenue and insurance service expenses.

## 20 Insurance and reinsurance contracts (continued)

(iv) Fair value of insurance contracts

The Group applied the fair value approach on transition to HKFRS 17. Actuarial appraisal method is selected as the underlying methodology.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.

The Group's approach to measuring fair value differs from the HKFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of transition.

## 21 Investment contract liabilities

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| Policyholders' deposits | 4,582,026 | 4,524,734 |
| Future policyholders' benefits | 79,183 | 86,899 |
| Unearned revenue liability | 223,067 | 215,207 |
| | 4,884,276 | 4,826,840 |
| Other contract asset | 154,587 | 147,492 |

## 22 Other accounts payable

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| Accounts payable | | |
| - Cash and margin clients | 626,470 | 491,447 |
| - Clearing house, fund managers, brokers and dealers | 3,537 | 7,979 |
| | 630,007 | 499,426 |

Included in accounts payable are amounts payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting regulated activities, which amount to HK$425,144,000 (31 December 2025: HK$266,824,000).

All of the accounts payable are aged and due within one month or on demand.

## 22 Other accounts payable (continued)

**Balance with related parties**

At 30 June 2026, accounts payable of approximately HK$63,000 (31 December 2025: HK$29,000) to certain key management personnel of the Company and HK$1,682,000 (31 December 2025: HK$42,000) to companies controlled by key management personnel of the Company on normal terms of brokerage and wealth management business of the Group.

## 23 Other payables and accrued expenses

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| Accrued staff costs | 30,389 | 9,899 |
| Other contract provisions | 321,454 | 303,178 |
| Derivatives collateral | 94,052 | 106,532 |
| Other payables and accruals | 1,228,823 | 1,017,301 |
| | 1,674,718 | 1,436,910 |

All of other payables and accrued expenses are expected to be settled within one year.

**Balance with related parties**

At 30 June 2026, amount of approximately HK$86,700,000 (31 December 2025: HK$85,477,000) are payable to MassMutual International LLC who is a substantial shareholder of the Company and its affiliates.

At 30 June 2026, interest accrual of approximately HK$324,014,000 (31 December 2025: HK$284,174,000) is due to Key Imagination Limited who is the controlling shareholder of the Company.

## 24 Financial liabilities at fair value through profit or loss

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| Third-party interests in consolidated funds | 45,136 | 45,768 |
| Derivative liabilities | 435,535 | 429,741 |
| | 480,671 | 475,509 |

## 25 Bank borrowings

The bank loan was unsecured and repayable as follows:

| | *At 30 June 2026* HK$'000 | *At 31 December 2025* HK$'000 |
|---|---|---|
| Within one year | 787,966 | - |
| After 1 year but within 2 years | - | 784,255 |

## 26 Shareholder's loan

The loan is due within one year from 30 June 2026 and the Group has an unconditional extension right to extend the due date for another year at the interest rate to be reset based on prevailing market condition at the time of exercising the right.

## 27 Share capital

Movements of the Company's ordinary shares are set out below:

| | *At 30 June 2026* | | *At 31 December 2025* | |
|---|---|---|---|---|
| | *Number of shares* | *Amount* HK$'000 | *Number of shares* | *Amount* HK$'000 |
| **Issued and fully paid:** | | | | |
| Balance brought forward | 4,059,291,673 | 13,039,613 | 3,867,991,673 | 11,872,683 |
| Issue of subscription shares | - | - | 191,300,000 | 1,166,930 |
| Balance carried forward | 4,059,291,673 | 13,039,613 | 4,059,291,673 | 13,039,613 |

## 28 Employee share-based arrangements

### Share Option Scheme and Share Award Scheme

The Company has adopted a share option scheme on 28 June 2022 (the "Share Option Scheme") which has a life of 10 years from the date of adoption for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide it with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

During the Period, no share options had been granted, exercised, cancelled, lapsed or outstanding.

On 18 December 2025, the Company approved the adoption of a new share award scheme (the "2025 Share Award Scheme"), which has a life of 10 years from the date of adoption, and the share award scheme adopted by the Company on 12 December 2016 (the "2016 Share Award Scheme") was terminated following the adoption of the 2025 Share Award Scheme.

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

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

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

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

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

## 29 Interests in structured entities

***Interest in consolidated structure entities***

The Group had consolidated certain structured entities, mainly funds related to wealth management operation. For those structured entities where the Group is involved as manager or as investor, the Group assesses the extent of controlling power according to relevant group accounting policies.

As at 30 June 2026, the net assets of consolidated fund entities amounted to HK$132 million (31 December 2025: HK$133 million) with net carrying interest held by the Group being HK$86 million (31 December 2025: HK$87 million).

Interests held by other investors in these consolidated structured entities, mainly fund entities were classified as financial liabilities at fair value through profit or loss in the condensed consolidated statement of financial position with fair value change of financial liability at fair value through profit or loss presented in the condensed consolidated income statement.

At period end, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

***Interest in unconsolidated structure entities***

Among those structured entities held by the Group where the Group directly or indirectly involves as investment manager or in equivalent capacity, the Group regularly assesses and determines whether:

- the Group is acting as an agent or a principal in these investment funds;

- substantive removal rights held by other parties may remove the Group as an investment fund manager; and

- the investment interests held together with its remuneration from servicing and managing these structured entities create significant exposure to variability of returns in these investment funds.

In the opinion of the directors, the variable returns that the Group exposes to these structured entities are not significant and the Group is primarily acting as an agent. Therefore, the Group did not consolidate these structured entities.

## 30 Commitments

### *(a) Capital commitments*

As at 30 June 2026, the Group has a total of HK$Nil (31 December 2025: HK$Nil) capital commitment contracted but not provided for.

### *(b) Investment commitments*

(i) In the normal course of business, the Group enters into commitments to purchase certain investments and capital contribution commitments to third party managed fund investment. As at 30 June 2026, the Group has investment commitments contracted for amounted to HK$4,635,137,000 (31 December 2025: HK$4,425,689,000).

## 30 Commitments (continued)

### *(b) Investment commitments (continued)*

In addition, the Group entered into an asset-backed hybrid facility/investment agreement ("the AHF/I Agreement") with a related company in 2025. Under the AHF/I Agreement, the Group agreed to provide the related party with a secured, non-revolving term loan facility in the principal amount of HK$7.6 billion. The amount of the loan facility granted is recognised as loans and receivables. As at 30 June 2026, the remaining loan facility principal amount is HK$4.9 billion (31 December 2025: HK$6.6 billion).

(ii) As at 30 June 2026, the Group has capital commitment to a joint venture for an amount of US$20 million with US$13.93 million (31 December 2025: US$20 million with US$13.93 million) has been contributed.

## 31 Material related party transactions

| | *Six months ended 30 June* | |
|---|---|---|
| | *2026* | *2025* |
| | HK$'000 | HK$'000 |
| Brokerage fee income *(note (i))* | 315 | 153 |
| Investment management fee *(note (ii))* | 41,590 | 42,830 |
| Policy endorsement fee paid *(note (iii))* | 1,695 | 1,928 |
| Interest income *(note (iv))* | 61,844 | - |

*(i)* The Group provided brokerage services to companies where Mr. Yu Feng (the Company's chairman) and Mr. Huang Xin (the executive director) are directors and substantial shareholders.

*(ii)* The Group incurred an investment management fee to an affiliate of a substantial shareholder who appointed a director to the board of the Company, for management service provided to YF Life's investment portfolio.

*(iii)* The fee is paid to an affiliate of a substantial shareholder, who appointed a director to the board of the Company, for the provision of claims payment endorsement to certain outstanding life insurance policies of YF Life until such policies mature.

*(iv)* The Group recognised interest income from its investment exposure relating to the AHF/I Agreement with New Alternative. New Alternative is a wholly-owned subsidiary of Yunfeng Capital, which is 60% owned by Mr. Yu Feng. As at 30 June 2026, the outstanding interest accrual amounted to HK$12,079,000 (31 December 2025: HK$5,170,000).

Except for those disclosed in this announcement, there are no other significant related party transactions during the period.

## 32 Non-adjusting events after the reporting period

There is no material non-adjusting event after the reporting period.

By Order of the Board
**Yunfeng Financial Group Limited**
**Huang Xin**
*Executive Director and Interim Chief Executive Officer*

Hong Kong, 28 August 2026

*As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive director), Mr. Huang Xin (who is executive director and interim chief executive officer), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard, Mr. Xiao Feng and Mr. Liang Xinjun (who are independent non-executive directors).*